

PEOPLE Japanese Donor... Wing of Israeli Museum... Richard Howard, a 1965 Pulitzer Prize-winning novelist...

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3 Nations Join in Rate Cuts Bonn, Hague, Paris Deny Link To U.S. Accord

By Reginald Dale International Herald Tribune PARIS — West Germany, France and the Netherlands eased interest rates Tuesday in a move that officials said was intended to stabilize exchange rates and help stimulate flagging economic growth in Western Europe.



Cubans who held 28 hostages at the Federal Alien Detention Center in Oakdale, Louisiana, roamed the grounds carrying crude weapons in this photo taken from 200 feet away. Cubans continued Tuesday to hold hostages in Atlanta, too.

Shultz, Shevardnadze Announce Agreement Soviets Say Summit Will Be a Success

By Don Oberdorfer Washington Post Service GENEVA — The United States and the Soviet Union reached final agreement Tuesday on the terms of a treaty eliminating medium- and shorter-range nuclear missiles from Europe and the rest of the world.



Eduard A. Shevardnadze, left, and George P. Shultz greeting each other Tuesday before their arms talks in Geneva.

Mr. Shultz said that all issues had been resolved and that he was "very pleased." Mr. Shevardnadze said that "what we have done is in the interest of all the nations on this planet" and that it left no doubt that the summit meeting between President Ronald Reagan and Mikhail S. Gorbachev next month would be a success.

"This is the next step toward the abolition of nuclear weapons," Mr. Shevardnadze said, referring to a goal advocated by both Mr. Reagan and Mr. Gorbachev. Immediately after agreeing on the final details of the Intermediate Nuclear Forces treaty, which will be the first to eliminate an entire class of offensive nuclear weapons, Mr. Shultz and Mr. Shevardnadze went back to preliminary discussions of a more extensive and more difficult treaty to reduce U.S. and Soviet strategic, or long-range, nuclear arsenals by half.

For Cubans, the Desperate End of Flight

By John M. Goshko and Mary Thornton Washington Post Service WASHINGTON — Their countrymen who stayed behind called them gusanos, or worms, because of their eagerness to escape the communism of their native Cuba. But for many of the 125,000 Cubans who came to the United States in the 1980 Mariel boatlift, the flight to freedom led instead to a new life behind the chain-link fences of American detention centers.

Moreover, the deportations of these 2,500 may be only the first wave in a series of such actions that eventually could see more than 7,000 of the Mariel Cubans sent back to Cuba. The riots that broke out at federal detention camps in Oakdale, Louisiana, and Atlanta

Monday at the penitentiary in Atlanta. Helicopters dumped water on new fires that were started at the Atlanta complex Tuesday morning. [The riots in Atlanta and Oakdale left at least 12 people injured. Eight Cuban prisoners were hospitalized in satisfactory condition Tuesday, five of them with gunshot wounds, the authorities said.]

The plight of those facing deportation began in the spring of 1980, when thousands of Cubans, driven by badly deteriorating economic conditions, swarmed over the grounds of the Peruvian Embassy in Havana, demanding political asylum.

Such an interpretation attached too much importance to the U.S. budget-cutting plan, which has not yet been endorsed by Congress and has generally not impressed West European governments, the officials said. Bundesbank sources said that the bank's action was aimed primarily at stabilizing exchange rates and supporting an improved outlook for the West German economy.

The bank's goal was understood to be relieving upward pressure on the Deutsche mark against both the dollar and the currencies of the European Monetary System, particularly the French franc.

In Tokyo, a Land Crisis Swollen Costs Imperil Spending Drive

By Patrick L. Smith International Herald Tribune TOKYO — To those not prey to this city's crushing property prices, the ironies might simply seem other-worldly. The Australian Embassy, whose sumptuous gardens have long been a fixture of Tokyo's diplomatic scene, will shortly sell off part of its compound because the land, simply, is too valuable to hold onto.

Even transients from such high-priced cities as London and New York are shocked by real estate values here. A modest family house an hour or more from the city, for example, can easily fetch 270 million yen (\$2 million). And luxury apartments in central Tokyo continue to rent for 2 million yen (about \$15,000) a month and more.



SUBWAY SMOKING BAN — Makeshift billboards were put up Tuesday in London Underground stations after a ban on smoking was broadened to all parts of the subway network. Transport officials said a cigarette may have caused the fire last week that killed 30 persons at the King's Cross station of the Underground. Page 2.

Asked if he could sell the treaty to the Senate, Mr. Reagan, on a stop in Denver to promote his space-based missile-defense plan, the Strategic Defense Initiative, replied, "I'll be we can, yes." Mr. Reagan, on his way to his

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Kiosk U.K. Says IRA Got Libya Arms

LONDON (AP) — Britain accused Libya on Tuesday of sending four shipments of arms to Ireland for the Irish Republican Army in 1985 and 1986. But the Irish justice minister, Gerry Collins, who ordered a hunt for the weapons on Monday, insisted that he had no evidence of Libyan involvement. The Foreign Office in London said: "Reports that these shipments of arms have come from Libya are well founded in our view."

East Bloc Events Pierce Timeless World of Laos

By Barbara Crossette New York Times Service VIENTIANE, Laos — In the early morning, when temple gongs and roosters are the only sounds to be heard on this side of the Mekong River, Laos seems to be living in a timeless world of its own. Soon after daybreak, though, loudspeakers high on lampposts begin to blare Vietnam's trade figures, events in the Gulf War or Moscow's hopes for an arms treaty rain down on Vientiane, a little capital locked in the center of Southeast Asia.

Laos, poor and underpopulated, has been part of the Soviet bloc since 1975. What happens in Hanoi, in Moscow or at a U.S.-Soviet summit meeting can make a difference. Western diplomats and officials from the small corps of international aid and development organizations based in Laos — no more than 300 people, compared with several thousand Soviet and Eastern European advisers — say that because of ferment in the Communist world this is a critical period for Laos. Under Soviet tutelage, the Laotian government, headed by Prime Minister Kaysonke Phomvihon, who is in his 60s, has begun "renovat-

Science Unravels Teens' Fatal Foolishness

By Daniel Goleman New York Times Service NEW YORK — Just why teen-agers take so many foolish risks, from skateboard acrobatics to cigarette smoking to sex without contraceptives, is the topic of an intensive research effort by U.S. behavioral scientists. The picture that is emerging is a deadly combination of hormone-related thrill-seeking, an inability to perceive risks accurately and the need to impress peers, all of which peak during the years between 10 and the mid-20s.

Mr. Lipsitt organized a meeting of scientists last year at the National Institute of Mental Health to draw up a research agenda on risk-taking by teen-agers and what could be done about it. A follow-up meeting is planned for this spring. The meetings are part of efforts by the government and private foundations to identify the teen-agers most likely to take dangerous risks and to find ways to head off the peril.

In seeking the causes of risk-taking, researchers are confronted with a fact known to every parent: teen-agers can seem to live in an orbit all their own, in which the reasonable imperatives of the adult world have little, if any, relevance. What seems a clear danger in the eyes of an adult, the researchers are finding, may seem safe, or safe enough, to the teen-ager. The ability to evaluate risks seems to be skewed in many teen-agers. For instance, when they were asked what risks became more or less dangerous over time, they saw addiction from drug use and pregnancy from unprotected intercourse as becoming less likely, rather than more, said Dr. Charles

Irwin, a pediatrician at the University of California at San Francisco. Further, perception of some risks may fade in the face of peer pressure. For example, when it comes to using condoms, the major concerns of adolescents are not the risks of pregnancy but such matters as whether they think their peers use condoms and whether condoms are inconvenient or might make them look "silly," said Nancy Adler, a health psychologist at the University of California at San Francisco. "The immediate experience is what matters to them, not worries about long-term consequences," she said. Risk-taking is part of the natural exploration and assertion of independence that every healthy teen-ager goes through to some extent. "Part of adolescence is trying on new roles and seeking new experiences," said Dr. Beatrix A. Hamburg, a child psychiatrist at Mount Sinai Hospital in New York. "But by age 10 or so," she said, "they enter a risky period when they do lots of exploring at a time when their cognitive development

Brother of Najib Is Said To Defect

By Elaine Sciolino New York Times Service WASHINGTON — The younger brother of Afghanistan's Soviet-backed leader has defected to U.S. intelligence reports and foreign diplomats. The apparent defector, Sidiq, is said to have been at odds with his brother, Major General Najib, for some time. Mr. Sidiq is said to have defected about a week ago to the forces of Ahmed Shah Massoud, the Afghan rebel field commander who has battled the Soviet and Afghan troops for the last five winters in the strategic Panjshir Valley, the sources said.

Mr. Sidiq, or Sidiqullah, as he is also known, is believed to be in the Panjshir Valley with the Jamiat-Islami party, Mr. Massoud's organization, one of the largest Afghan rebel groups and part of the seven-party rebel coalition. He will be turned over to the refugee arm of the group, diplomats say. Mr. Sidiq's defection would be a serious embarrassment for General Najib, who has campaigned in recent months for "national reconciliation" in an effort to win guerrilla support for his cease-fire plan. It comes only weeks after Mr. Najib took over as head of state and was unanimously elected president of the legislative Revolutionary Council, a move which was expected to give him sweeping powers and bolster his standing. The defection, which has not been announced by the Jamiat-Islami, would also be an important psychological coup for the rebels, and may presage the defection of other Afghans connected to the regime. There were unconfirmed reports from Kabul, the Afghan capital, that the brother of Nur Mohammed Tarki, who took power in Afghanistan in a coup in April 1978 and was ousted the following

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Yugoslavs Are Getting Capitalist Lesson in Inflation

By Jackson Diehl
Washington Post Service

BELGRADE — The well-stocked store shelves of Yugoslavian stores used to be a taut to the neighboring economies of the Soviet bloc, plagued by shortages. But now, with their ever-shifting price tags, they might also bear a warning: Communism in its modern form may induce galloping inflation.

Traditional Marxist theory describes inflation as an exclusively capitalist phenomenon. But Yugoslavia now has the dubious distinction of having the highest annual inflation rate in Europe — 140 percent — and the bleak prospect of surpassing 200 percent by the end of this year, according to some local economists.

A week ago, Prime Minister Branko Mikulic unveiled new measures to break the upward price spiral, including drastic price increases accompanied by a price freeze at the new levels and some new controls on wage growth.

Diplomats said the complex measures were the strongest yet initiated by Mr. Mikulic's government, formed 18 months ago, to control the economy.

They were quickly followed by an announcement from the Yugoslav National Bank devaluing the national currency, the dinar, by 24.6 percent. The National Bank vice governor, Branko Dragas, said the currency was devalued to match the increase in producer prices, according to Reuters.

Inflation, however, has already proved invulnerable to successive government packages of wage controls, budget cuts and interest rate increases in the last four years. Previously, two partial price freezes imposed by Mr. Mikulic seemed only to worsen inflationary pressures.

The price increases, meanwhile, have been hitting consumers hardest. Even before the latest round, food prices in the last year had soared 40 percent for margarine, for example, and 50 percent for onions. Clothing

manufacturers recently tripled prices for spring fashions.

"Every day something seems to disappear from the market," a Belgrade teacher said. "That means the next day it will be back at double the price."

Beleaguered political leaders and economists have come to the conclusion that the upward price spiral is deeply rooted in the way Yugoslavia has organized its economy. Although the Communism of Yugoslavia re-

shorages, both changes also encouraged inflation. Workers' councils, it turned out, have a tendency to vote themselves wage increases at the expense of investments and even profits.

The market created in Communist countries, meanwhile, tends to give producers the freedom to set prices but leaves out some of the key incentives for keeping prices down. Many companies enjoy monopoly status; imports are restricted, and, because layoffs

in office, preceded his emergency measures with a broad, long-term stabilization program.

One of the government's chief problems in trying to control price movements is its own relative lack of influence. Even though the state supervises the economy, the self-management and partial-market systems mean that state authorities have even less influence on economic developments than do their counterparts in Western countries.

This year, for example, Mr. Mikulic's government limited monetary expansion to 80 percent — well below the inflation rate — and introduced tough measures designed to force cutbacks in real wages. But thousands of companies were able to avoid the money squeeze by issuing promissory notes, a practice virtually uncontrolled by the government authorities.

These "gray emissions," or the creation of money by nongovernmental authorities, led in September to the eruption of Yugoslavia's most serious postwar financial scandal.

Agromer, a huge agro-industrial concern in Mr. Mikulic's home republic of Bosnia-Herzegovina, was found to have issued up to \$50 million worth of notes with nothing to back them.

High-level political figures, including Hamdija Pozderac, who was the federal vice president before he resigned in September, had been charged with allowing or covering up the "illegal emissions," although investigators and economists have said the problem of such notes is widespread.

Correcting the systematic problems is a slow, painstaking process. The government is counting on foreign creditors to provide leeway for stopgap measures.

In negotiations with the private banks and foreign governments that hold its \$20 billion foreign debt, Belgrade is seeking to reschedule payments. Such a move would allow it to reduce the amount of its annual foreign exchange earnings it uses for debt payments from 46 percent to 25 percent.

The lessons emerging suggest that triple-digit price increases could become as prevalent a threat to the Communist-ruled world in the 1990s as they have been to South America in the 1980s.

mains distinctive, the lessons emerging suggest that triple-digit price increases could become as prevalent a threat to the Communist-ruled world in the 1990s as they have been to South America in the 1980s.

"The institutional setup does tend to be inflationary," said Milos Crnjic-Brijun, planning minister for the republic of Serbia. "There are a number of very basic ingredients at work. Our problems are more complex than those of Western inflationary situations."

Beginning in the early 1960s, Yugoslavia was the first Communist country that sought to replace the central planning of the state-owned economy with a capitalist-style marketplace — a move now being tried by the Soviet Union, China and much of Eastern Europe.

Belgrade also pioneered in self-management, the system under which employees are supposed to control their own companies through workers' councils. That innovation has since spread to the Soviet Union, Poland, Hungary and Bulgaria.

Although they freed the economy from

are discouraged, many companies with stagnating productivity simply raise prices rather than cut back staff.

"The problem is that market mechanisms don't really operate," Mr. Crnjic-Brijun said. "Not a small measure of inflation is induced by political decisions rather than economic decisions."

Every East European country that has pursued the market-oriented economic changes has had similar troubles. Poland, which began its program of change in 1981, has had double-digit inflation ever since and expects price rises of up to 57 percent next year. Hungary's inflation has risen to more than 30 percent, and China was recently forced to adopt strong new measures to halt an upward price spiral that had topped 10 percent for the first three quarters of the year and threatened to worsen.

In Yugoslavia, the raging inflation has become an index of the increasing disorder of a country divided into eight distinct and often feuding republics and provinces.

Mr. Mikulic, who has seen inflation rise to 140 percent from 90 percent in his 18 months

Li Is Named Acting Prime Minister by China Panel

By Daniel Southard
Washington Post Service

BEIJING — Vice Prime Minister Li Peng, 59, a Soviet-trained engineer, was named acting prime minister on Tuesday by the standing committee of the Chinese legislature, following the resignation last month of Zhao Ziyang.

Mr. Zhao, after the Communist Party congress in October, became the party's general secretary, the highest position in China. The office of prime minister is considered the second most important.

Although Mr. Zhao and Mr. Li hold the two main leadership positions, control over China's general direction is believed to remain in the hands of Deng Xiaoping, the senior leader, who retired from all but one of his official posts at the party congress.

Mr. Li is all but certain to be named prime minister on a permanent basis when the National People's Congress, the legislature, meets in March.

According to the official Xinhua news agency, Mr. Zhao formally recommended that Mr. Li succeed him. But Mr. Li apparently was not Mr. Zhao's first choice for the job.

Instead, Mr. Li is seen as a compromise candidate acceptable to several groups, including traditionalist party elders.

In a speech made immediately after his appointment, Mr. Li declared that he would adhere to party principles and to "carrying out various reforms and opening to the outside world." He said he would work to maintain stability and unity and do his best to "accelerate the country's modernization drive."

He is regarded as a technocrat but some Chinese fear that he is "conservative" in his views and may slow down some of the country's most innovative economic reforms.

Mr. Li said Tuesday that economic development should be "further stabilized," an indication to some observers of Mr. Li's cautious approach to reform.

Many intellectuals and university students distrust him because they believe that his rise to power has been based more on his personal connections with senior leaders than on his abilities and achievements.

Mr. Li's father was a "revolutionary martyr" who was captured by the Nationalist Chinese in 1930 and executed when Mr. Li was only 3. The late Prime Minister Zhou Enlai and his wife, who were childless, became Mr. Li's foster parents and, some accounts say, raised him as if he were their own son.

Unlike the older leaders who fought in the war against the Japanese and Nationalist Chinese, Mr. Li has no battlefield experience. He made his way to the top through his connections, hard work and technical expertise as a hydropower engineer.

Mr. Li joined the Communist Party in 1945 at age 17. After studying for seven years in the Soviet Union, he held successive jobs in the power industry. But Westerners who have met him do not consider his Soviet training to be a major obstacle to a continuation, or even a strengthening, of China's ties with the West.

Western diplomats are divided in their view of Mr. Li's approach to economic reforms. He remains something of an enigma to many foreigners, despite his long bureaucratic career and numerous public appearances.

In a recent book, Kenneth Lieberthal and Michel Oksenberg, China scholars at the University of Michigan, describe Mr. Li as a cautious reformer, noting that he "does not believe in the magic of the marketplace."

Many diplomats agree that his views are not fundamentally different from those of Mr. Zhao except when it comes to the scope and pace of reform. They describe Mr. Li as a "go slow" reformer.

WORLD BRIEFS

Thailand Copyright Bill Creates Crisis

BANGKOK (Reuters) — A bill to protect private copyright interests in Thailand has created a government crisis, political sources said Tuesday. The four parties in the governing coalition were holding separate meetings aimed at a possible government collapse.

The sources and foreign diplomats said Prime Minister Prem Tinsulanonda, a retired army general, might have to dissolve parliament or resign Wednesday if dissidents in his coalition prevent approval of a first reading of the bill. The bill has been offered under pressure from Western governments, particularly the United States, to end the widespread practice in Thailand of manufacturing goods without regard to copyright restrictions.

"This is the biggest crisis in Prem's government since he was re-elected in August last year," a source close to the discussions said.

World AIDS Research Unit Proposed

WASHINGTON (WP) — Dr. Robert C. Gallo, the most prominent AIDS researcher in the United States, has entered "serious, substantial" negotiations to leave the National Cancer Institute and establish an international AIDS research center at a major university.

Dr. Gallo said that he wanted to establish "the world's foremost institute of human virology" and that several leading scientists at the cancer institute, part of the National Institutes of Health, and at other institutions had expressed an interest in joining him.

Sources in the federal health community said Monday that, in addition to Dr. Gallo and other leading U.S. researchers, a French virologist, Dr. Luc Montagnier of the Pasteur Institute in Paris, might have a role in the proposed enterprise. Dr. Gallo will meet with Dr. Montagnier to discuss options next week, according to sources. Until March, the two were locked in a feud over who would get credit for discovering the virus that causes acquired immune deficiency syndrome. On March 31 they signed an agreement that designated shared credit, and Dr. Gallo said that he and Dr. Montagnier speak on the telephone "every third day."

Tokyo Police Arrest Terrorist Leader

TOKYO (NYT) — After a long manhunt, the Japanese police have arrested a leader of the Red Army, a terrorist group responsible for the 1972 killings of 24 persons at Israel's Lod Airport near Tel Aviv.

The police said Tuesday that they arrested Osamu Maruoka, 37, on Saturday, as he entered Japan from Hong Kong. He is believed to be the second in command of the group, which emerged in Japan in the late 1960s.

Some reports say that the police suspect that Mr. Maruoka played an important role in the attack on the Israeli airport, now called Ben-Gurion Airport. Since 1972, the group has committed other incidents, including two Japan Air Lines hijackings in 1973 and 1977, and an attack on the Japanese Embassy in Kuala Lumpur in 1975.



Osamu Maruoka

Karpov Wins 16th World Chess Game

SEVILLE, Spain (Reuters) — Garry Kasparov, the reigning world chess champion, resigned the 16th game of his title defense on Tuesday without resuming play, putting the challenger, Anatoli Karpov, back in contention to regain the title he held from 1975 to 1985.

Mr. Kasparov sealed his 4½-1½ win on Monday but later decided his pawn deficit and passive position did not warrant continuing.

After 16 of the 24 scheduled games, the match is tied at 8-8. Mr. Kasparov has the advantage of retaining the title in the event of a 12-12 tie.

Italy Braces for General Strike

ROME (AFP) — Italy was facing its first general strike in seven years Wednesday as the country's three largest trade unions protested government economic policy.

Factory work was to halt and trains and planes were to stop operating for four hours Wednesday, beginning at 9 A.M. Bank employees and other servants were to stay away from work all day, and there were to be no newspapers. Hospitals planned to carry out emergency operations only. The unions also scheduled demonstrations nationwide.

The strike is meant to protest growing unemployment and the proposed 1988 national budget, as well as to show support for southern industrial development and increased pensions.

Charles Urges Cleanup of North Sea

LONDON (UPI) — Prince Charles opened the second International Ministerial Conference on the Protection of the North Sea on Tuesday by urging European ministers to clean up what he called "a rubbish dump."

The prince spoke in the Queen Elizabeth II Conference Centre outside, six members of the Greenpeace environmental group wearing gas masks and protective suits handcuffed themselves to eight barrels that they said contained toxic chemical waste dumped into the North Sea. The barrels had the names of the nations attending the two-day conference.

The police arrested the protesters, and firemen took away the barrels, saying later that the liquid in the containers was harmless. Environmental ministers from Britain, Norway, Sweden, Denmark, Belgium, the Netherlands, France and West Germany are attending.

For the Record

NBC News will broadcast an interview with Mikhail S. Gorbachev, the Soviet leader, in the United States on Monday evening. (NYT)

The Zimbabwe police have detained six whites, including a Briton and Canadian, on suspicion of spying on the outlawed African National Congress for South Africa, attorneys said Tuesday. (AP)

TRAVEL UPDATE

Work on an ocean liner with the largest passenger capacity, 2,600 people, has been completed and the ship will begin sailing between Florida and the Virgin Islands on Jan. 16, officials said. The Sovereign of the Sea was constructed in France for the American cruise market. (UPI)

Heavy snow fell in northern Spain on Tuesday for the first time this year, cutting off villages and mountain passes, the police said. (Reuters)

Delta Air Lines has received approval from South Korea for service from Atlanta to Seoul, according to company officials in Atlanta. Delta plans three round-trip flights a week, beginning Dec. 15. (Reuters)

Iranians Report Quake

NICOSIA — An earthquake that registered 5.5 on the Richter scale shook Meshed province in northeastern Iran on Tuesday.

Correction

A headline in some editions Tuesday misstated the extent of Towers Financial Corp.'s holding in Pan Am Corp. The Towers group owns less than 0.1 percent of Pan Am's stock.

Kenya Shifts Its Stand on Missionaries

By Blaine Harden
Washington Post Service

NAIROBI — Kenya rescinded deportation orders on Tuesday for nine missionaries who had been linked to a purported scheme by the Ku Klux Klan to overthrow the government.

The missionaries, eight Americans and one Canadian, were told on Nov. 18 that they had a week to pack up and leave. They spent the last week selling or giving away their belongings and were scheduled to fly out of Kenya on Tuesday night.

But they were called Tuesday morning to immigration headquarters in Nairobi and told that they were free to continue their missionary work in Kenya. According to three persons who attended the meeting, the government gave no explanation either for why the missionaries had been ordered to leave or why they were allowed to stay.

The reversal of the expulsions, which a senior American diplomat said came after diplomatic complaints from Washington, punctuated a curious affair that forced seven other American missionaries to leave the country on Nov. 13 and provoked scores of xenophobic speeches from Kenyan officials.

The affair has soured relations between the U.S. government and Kenya, long regarded as Washington's closest ally in sub-Saharan Africa.

The reported coup plot was based on a letter written on stolen stationery from a small church in North Carolina. The letter, which U.S. diplomats said was a forgery, purported to be a fund-raising appeal to members of the Ku Klux Klan. It detailed missionary participation in what was said to be a plan to topple the government of President Daniel arap Moi.

Officials in Nairobi said the Kenyan government itself had ordered local newspapers to give banner headlines to the plot, which U.S. diplomats quickly labeled as ludicrous.

Late last week, after it became apparent to Kenyan officials that the plot was a hoax, government complaints about "evil foreigners" stopped. Without any explanation, all coverage of the matter disappeared from local newspapers, television and radio.

"It would seem the government has dug itself into a hole and can't get out," a Western diplomat said. "After having jumped up and down, they don't know what to do."

The nine missionaries who were given a reprieve Tuesday work in western Kenya, where they run a clinic for children from the Pokot tribe and operate well-digging equipment.

Pretoria Ousts Photographer

JOHANNESBURG — South African authorities have ordered a U.S. photographer on assignment for National Geographic magazine to leave the country by the end of the month, the government said. David Turney, 32, who also is a staff photographer for the Detroit Free Press, sent "biased photo material" overseas, the government said, without elaboration.

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EC farm ministers in Brussels during a break Tuesday in talks on spending cuts. From left, Filippo Mario Pandolfi of Italy, Marc Fischbach of Luxembourg, Ignaz Kiechle of West Germany and François Guillaume of France.

EC Ministers Split in Talks on Farm Spending

BRUSSELS — European Community foreign and agriculture ministers remained divided Tuesday on how to curb EC farm spending and put the trade bloc on a sound financial footing.

EC diplomats predicted that a solution might not be found in time for the EC summit meeting in Copenhagen scheduled for Dec. 4-5.

"I am very worried," Foreign Minister Uffe Ellemann-Jensen of Denmark said, adding, "Time is running out for us."

He said his government, which holds the

six-month rotating EC presidency, had given the farm ministers until Wednesday to agree on cuts in the farm budget. The ministers began meeting on Monday.

If they fail to reach agreement by Wednesday, Mr. Ellemann-Jensen said, the matter will be submitted to the foreign ministers on Sunday at a special meeting in Brussels.

The agriculture talks focused on a proposal by the EC Executive Commission for "budget stabilizers," mechanisms that would automatically trigger spending cuts in individual farm sectors when outlays reach a set level.

The ministers met until 7 A.M. on Tuesday

and resumed negotiations at 3 P.M. Before the talks resumed, Agriculture Minister Laurits Toernæs of Denmark reported to the foreign ministers, meeting separately at the EC headquarters, on the agriculture talks.

"The first day of the talks has not led to solutions in any part of the package," Mr. Ellemann-Jensen said.

Britain opposes any increase in the EC's budget if farm spending, which amounts to about 70 percent of all its budgetary outlays, is not brought under control.

However, West Germany and France oppose measures that would undermine farm incomes.

Smoking Ban Widened on U.K. Subway

LONDON — The London Underground extended a smoking ban Tuesday to all parts of the subway network, citing evidence that a cigarette may have caused the fire that killed 30 persons last week.

Also Tuesday, a lawyer for relatives of three of the victims said their family would sue the Underground's operators.

After his statement, a coroner's inquest into the deaths was adjourned to await the outcome of a public inquiry into the fire at King's Cross, London's busiest Underground station.

Sir Keith Bright, chairman of London Regional Transport, said a total ban on smoking was put in force Tuesday at all 273 Underground stations.

Smoking had been banned on trains and subterranean platforms since January 1985 after a fire at Oxford Circus station. The rule now covers ticket halls and surface platforms as well.

Investigators have said the fire Wednesday at King's Cross started about two-thirds of the way up a wooden escalator. Published reports have suggested that a discarded cigarette slipped through a gap in the escalator's slatted steps, possibly igniting grease and debris.

The British Transport Police, who are heading an investigation into the fire, were expected to announce preliminary findings Monday, but the announcement was postponed pending the public inquiry by the government.

Judge Desmond Fennell, who was appointed to head the public inquiry, said preliminary hearings would begin next week. (AP, Reuters)

Josef Begun, Soviet Activist, Gets Visa but Delays Over Son's Status

MOSCOW — Josef Begun, a leading Jewish activist and former political prisoner, received a visa Tuesday to emigrate to Israel, but he said he would not use it until his 23-year-old son, Boris, was allowed to leave the Soviet Union as a Soviet citizen.

"Without my son, I will not go," said Mr. Begun, 54, a former Hebrew teacher who was released from prison in February. He and his wife, Inna, were told in September that their application to emigrate had been approved. Their visas expire Dec. 8.

Mr. Begun said his son's visa was also ready but was withheld when he insisted on keeping his Soviet citizenship. Unlike other citizens leaving the country, Soviet Jews emigrating to Israel are required to renounce their citizenship.

"Boris requested an external passport like any other citizen leaving the country," Mr. Begun said. Stripping emigrants to Israel of their passports constitutes "clear discrimination" with no basis in law, he said.

After receiving verbal permission to emigrate, Mr. and Mrs. Begun said they would not pick up their visas until obstacles to the emigration of Boris and his family had been cleared.

The initial problem was objections raised by Boris's parents-in-law, who had the right to block their emigration on the basis of financial claims.

On Monday, that right, known among would-be emigrants as the "poor relative" clause, was waived by the authorities.

Earlier this autumn the Soviet government newspaper Izvestia accused Mr. Begun of stalling his de-

parture on the advice of Israeli intelligence.

The newspaper said an Israeli who was in Moscow for the city's book fair in September told Mr. Begun he would be of more use to the cause of Jewish rights if he stayed in the Soviet Union.

"Secrets Discussed"

Felicity Barringer of The New York Times reported from Moscow: About 100 Soviet Jews, united by their inability to emigrate, crowded into a two-room apartment Monday in Moscow to discuss state secrets: the secrets that keep them from leaving the Soviet Union, the secret process by which holders of secrets are identified and the reason the secrets are secret.

The gathering, the culmination of months of research by would-be emigrants from the ranks of scientific and technological professions, was an attempt to collate bitter individual experiences, an attempt by people whose professional lives were once permeated with logic to explain a fair they find irrational.

"State secrets have been a skeleton in a closet," Tatiana Zisman, one of the organizers, said later. "We want to break the spell that hangs over this word 'secret.'"

Security considerations have been cited in the cases of the vast majority of Soviet Jews who have been denied exit visas this year.

It is not known how many Soviet Jews have been told they are security risks by the visa authorities, who almost never provide written verification of what they say. Conference organizers put the number at 2,000 to 10,000.

Protesters Beaten

The authorities beat Jewish demonstrators who protested near the visa office Tuesday, and harassed

Western journalists, protesters and reporters said, The Associated Press reported from Moscow.

Eight protesters demanding that a Jewish family be allowed to emigrate were arrested, said one of the eight, Vladimir Meshkov. He said he and three others were fined, and the other four were given prison terms.

Officials from NBC, ABC and Cable News Network — all U.S. television companies — said that plainclothes officers had cut television camera cables.

Iranians Report Quake

NICOSIA — An earthquake that registered 5.5 on the Richter scale shook Meshed province in northeastern Iran on Tuesday.

In Korea, Fear of Tainted Election Grows

SEOUL — Many South Koreans say they are worried that the democratic progress in their country could be endangered if next month's presidential election appears tainted by vote-buying and other dubious campaign tactics.

Concern about a fair election has prompted both South Korean and foreign groups to form observer teams, most of them sympathetic to the opposition. It is reminiscent of the monitoring that took place in the Philippines during the campaign between Corazon C. Aquino and Ferdinand M. Marcos.

The two main opposition contenders, Kim Dae Jung and Kim Young Sam, already have made clear that they will charge fraud if the government party candidate, Roh Tae Woo, is declared the winner. Both Kims insist that Mr. Roh could finish no higher than third in a fair election.

They and their aides accuse the

ruling camp of an extensive campaign to buy votes and to fill rallies with hired hands, tapping a war chest that they put at more than \$1.2 billion. That figure is dismissed by officials of the ruling Democratic Justice Party as wildly inflated, although they do not provide alternative numbers.

The Kims also maintain that they are the victims of unfair coverage by the government-controlled television network, which invariably give top billing and longer air time to Mr. Roh. In several instances over the last few weeks, videotapes were clearly edited to flatter him and to make the Kims look bad.

Opposition leaders, including religious figures and students, have held rallies to demand that the government of President Chun Doo Hwan resign because, supposedly, it is incapable of supervising a fair election. In its place, they demand a "neutral cabinet."

Ruling party officials respond

that the Kims are simply looking for excuses in case they are defeated, to deflect future criticism that they lost mainly because they split the anti-government vote. Taking their turn on the offensive, these officials basically call the Kims liars, citing their failure to keep a pledge to join forces behind a single opposition candidate.

Campaigning in the country's southwest on Monday, Mr. Roh asserted that the election would be manipulated.

How much money is being poured into the campaign is not clear. But there is no question that by Election Day, Dec. 16, each party will have spent far more than its legal limit of \$17.4 million. That is especially true for the Democratic Justice Party, which has much greater access to wealthy contributors.

At some of Mr. Roh's rallies, people have said they were paid the equivalent of nearly \$40 to attend a significant sum in South Korea.

Opposition parties are said to have been spreading money around as well. But they have less to spend, and they complain that the government has intimidated potential donors.

Among the specific concerns is how the army will vote with a former general, Mr. Roh, in the race.

In past elections — mostly for the National Assembly — the opposition charged that military commanders had coerced soldiers to vote for government candidates, going so far as to look at their ballots. There are more than 600,000 persons in the armed forces.

But many experts, including potential monitors, say they are more concerned about unfair spending, and television coverage than they are about systematic ballot-box stuffing and stuffing, as occurred in the Philippines. "It is going to be very difficult to pull off something on a massive scale," a Western diplomat said.

Handwritten text in Arabic script.

Herald Tribune

Letting the Markets Rule

Now that President Reagan and the congressional leaders have agreed to reduce the budget deficit, what comes next? There is an uneasy pause as they wait for a reaction.

But things might not work out so smoothly. The financial position of the United States is now extremely unstable, and the odds do not favor those politicians who are counting on positive thinking to get the economy through the next 14 months to the next inauguration.

Trouble Made in Cuba

It is not hard to understand why Cubans held prisoner by U.S. immigration officials would run amok at sudden odds they are to be deported. Reasonably or not, many believed they would remain in the United States, whatever their problems with the immigration and criminal justice systems.

cord made them ineligible to settle in the United States. Additionally, the United States said it would admit 3,000 political prisoners and up to 20,000 immigrants a year. But the deal was blown away by Mr. Castro's anger at the May 1985 inauguration of Radio Marti, a Voice of America service that since has shown its worth.

Carter Gets It Wrong

The argument over Speaker Jim Wright's role in the Nicaraguan talks was taken to an unhappy new place over the weekend by Jimmy Carter. The former president met plenty of frustration at the hands of Congress to making his foreign policy. Yet he now states a position that broadly justifies congressional intervention in a diplomatic negotiation, and justifies it on terms that promise only grief to presidents.

At that pre-Reagan moment, by a finding that Mr. Carter could not have found it easy to make, the Sandinists were the spoilers. But now Mr. Reagan is "the major obstruction of peace" — he is hanging too tough with the contras. But let us all confess a little here. We have thought and said that support of the contras was the wrong policy from the start. But it takes a willful blindness not to grant that the contras, besides the bad they did, contributed to the pressure that led Managua to sign the peace plan.

Other Comment

Reagan Can Still Be Firm
As his meeting with General Secretary Gorbachev approaches, President Reagan no longer bears the aura of invincibility of his first years in office. But Mr. Gorbachev, too, has been worn down by the struggle to stay in power and push his program through.

of the university. The arrested leaders are being held without charge, although their crime is believed to amount to no more than suggesting that the university should distance itself from the president.

Scapegoats in Kenya
Student unrest is nothing new in Kenya, but the worrying aspect of last week's riots in Nairobi, sparked off by the arrest of seven student leaders, was the brutality with which the police responded. Students were clubbed and teargassed by police and paramilitary guards as a prelude to the indefinite closure

These events led to two conclusions. The first is that President Moi is adopting an increasingly repressive attitude toward those who voice criticism of his one-party government. The second is that he has become far too sensitive to the idea that "foreigners" are trying to destabilize Kenya.

Challenge the Soviets With a U.S. Strategy For Accommodation

By Zbigniew Brzezinski

WASHINGTON — The approaching visit by General Secretary Mikhail Gorbachev to sign an agreement on intermediate-range nuclear weapons comes at a perplexing, even dangerous, time for the Reagan administration.



INF agreement as a basic turning point in the relationship by placing on the table several negotiating proposals for the following year.

A Different Standard Where Africa Is Concerned?

By Michael Maren

NEW YORK — Lieutenant Colonel Oliver North said during the congressional hearings into the Iran-contra affair that he had fought in two American wars, Vietnam and Angola.

Angola connection might have shed more light on efforts to build the "privately funded off-the-shelf covert operations capability" that Colonel North described.

Perestroika Suits the Ins Better Than the Outs

By Dimitri K. Simes

WASHINGTON — Standing in line for 90 minutes to buy vodka in a government liquor store, I found no supporters of General Secretary Mikhail Gorbachev.

Yeltsin ouster would play well. It would reassure the new elite that Mr. Gorbachev is a no-nonsense leader not about to tolerate populist fantasies.

For the blue- and white-collar workers standing in line to buy vodka, Gorbachev was almost uniformly bad news. One of them called Moscow 'disgusting.'

do you find Moscow these days?" a middle-aged fitter asked upon learning of my background. My rather evasive answer did not satisfy him.

accepted Mr. Gorbachev as its standard bearer. This group consisted of the Soviet version of yuppies — educated men and women, but mostly men, in their early and mid-40s, some of whom I knew from our university days.

The Summit Needs to Be A Meeting

By Flora Lewis

WASHINGTON — Next month's U.S.-Soviet summit meeting is coming at a time of strain for both leaders. President Reagan's sins of omission and of commission have been piling up.

The writer was President Jimmy Carter's assistant for national security affairs. He contributed this comment to The New York Times.

China is far ahead of the Soviet Union in redefining the practice of Marxism and creating a new "model" for communism. But practically every Communist country is going in the same direction, heading to the "reality" that Mr. Gorbachev keeps citing as he speaks of "crisis" in his country.

100, 75 AND 50 YEARS AGO

1887: Too Much Money

NEW YORK — The session of Congress will begin on December 5. The chief discussion of the session will, it is expected, relate to finances and the question of reducing taxation, so as to prevent the Treasury from accumulating a surplus.

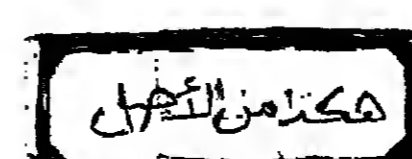
1912: Armistice Begins

CONSTANTINOPLE — I am informed that a week's armistice has been concluded between Turkey and the Balkan allies. During the armistice the forces of the belligerents will remain in the positions they occupy.

1937: Thanksgiving Day

PARIS — For Americans abroad, Thanksgiving brings back memories of a board laden with good things to eat, plenty of the autumn season's golden-brown turkey, crimson cranberry sauce, and the traditional yellow pumpkin-pie are the three last-standing dishes. Particularly those Americans from the Eastern seaboard will remember the cyster stuffing with which the turkey was filled.

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OPINION

The Godfathers of Terrorism Want a UN Seal of Approval

By A.M. Rosenthal

NEW YORK — At the United Nations, the states that specialize in murder and kidnapping are working out a particularly bizarre and dangerous piece of political strategy. The idea is to legitimize international terrorism.

Syria, home base, organizer and sponsor of terrorism ranging from the Middle East to Europe and Asia, has solemnly introduced a resolution demanding a world conference that would decide that terrorism carried out

operatives had bombed a German-Arab Friendship League in West Berlin. That was embarrassing enough. But the same year the Syrians developed problems with Moslem states.

The Pakistanis discovered a link between Syria and Palestinians captured after attempting to hijack a plane in Karachi. The Turks found that at least one of the killers involved in the hand grenade and machine gun attack on the synagogue in Istanbul came from a terrorist camp under Syrian supervision in the Bekaa valley in Lebanon.

Neither the Turks nor the Pakistanis talked openly. But they made sure that the Syrians knew that they knew.

Terrorism is not something that Syria can lightly give up, despite the exposure. Terrorism is power.

For instance, anti-terrorist specialists all over the world are convinced that Syria knows and protects the captors of the hostages in Lebanon, and knows exactly where the prisoners are being held. That makes countries that want the hostages back tread delicately with Damascus, and it makes them furious with thanks when the Syrians arrange to let one go.

So power is why Syria is trying to get the UN to decide that terrorism by liberation movements they back is justified action against oppression.

There are indeed oppressive governments who do not hesitate to kill their own civilians and who are being opposed by armed movements.

But legitimate movements of rebellion, like the Afghans, do not make it a policy to kill their own civilian countrymen. They direct their attacks against the hated government and its forces. And they do not carry out terrorist operations abroad. It is interesting that international terrorists usually do not attack in totalitarian countries but in democracies — in West Germany, Italy, Japan, Spain, India, Britain.

About a score of countries confront armed opposition that is devoted to terrorism as a weapon — which will become legal, even heroic, if the Syrians can talk the United Nations into it. The New People's Army in the Philippines. The Shining Path in Peru. The Tamil Tigers in Sri Lanka. The Irish Republican Army in Northern Ireland. Sikh terrorists in India. For Israel, there is the Palestine Liberation Organization. There are terrorist movements in Spain, Japan, Uruguay, Yugoslavia, Colombia, Venezuela, Turkey.

There will be a vote in the Legal Committee of the UN General Assembly, possibly this week. The Soviet Union backs Syria's move, the United States opposes it. It will be fascinating to see which countries are so befuddled by "liberation" rhetoric as to vote for their own destruction.

The New York Times.



No Kiwi or Raspberry Terrine Shall Foul This Family's Table

By Ellen Goodman

BOSTON — One aunt has called the other to ask for a Thanksgiving dispensation. Surely, she pleads, 20 years of lemon pies are enough for one family. She wants to make a new dessert.

The senior woman (call her Number One Aunt) recoils, as if her sister-in-law had suggested rap music instead of Mendelssohn for a wedding ceremony.

MEANWHILE

Number One Aunt is, you see, the appointed keeper of the family Thanksgiving ritual. It is her job. The event takes place under her roof and her ministrations. And she follows the book. Indeed, she has a generation of Thanksgiving dinners inscribed in a notebook that she guards, you might say, religiously.

There has never been a kiwi or Rock Cornish game hen at her table. There shall be no nouvelle cuisine and no chocolate raspberry terrine. There shall be turkey and bread stuffing and sweet potatoes. And lemon pie. Thus it is writ.

I wonder: Is this a totem and taboo more fitting for the holy day of some ancient religious sect than for the celebration of a modern American harvest?

Thanksgiving is, after all, America's most secular feast. Yet each gathering family seems to produce its own private set of traditions. The menu becomes a culinary liturgy, with 10,000 tribal variations, all on the theme of turkey.

Our family is not. I hasten to add, an authoritarian sect. We have had disputes about the ritual meal. There have been vast disagreements between the jellied cranberry and the whole cranberry factions (a divisive issue barely muted by the acceptance of a two-sauce policy).

Different opinions are even accepted on the matter of the prime Thanksgiving icon, the turkey. Some of our members regard it only as a decorative centerpiece, others as the culinary highlight. Although the majority of our sect consists of dark-meat eaters we are open-minded enough to look favorably on acolytes — fancies, guests, roommates — who profess to like white meat.

But the core, the absolute center of our traditional offering, does not waver from one year to the next, or one decade to the next. Untouchable recipes handed down from one generation to another arrive on the table bearing the names of these ancestors. We dine with their shadows and sauces.

Indeed each year the Number One Aunt replicates in exquisite detail her own mother's stuffing. She produces it in a tearful ceremony brought on by equal portions of onions and memories.

Why does such a passion for sameness go on in this and so many other family menus? We have had our share of personal changes. The membership of our sect has turned over perhaps by a half. We know our differences. We allow members to come bearing oen points of view and new husbands.

There is something in favor of a feast that proclaims, in the midst of change: This is our family. This is how we do things. This is our Thanksgiving. We are the people who put ginger snaps in our gravy. Like it or not. We are the people who like crisp sweet potatoes. We are the people who prefer lemon pie to pumpkin. We savor, literally, our togetherness. And if we go somewhere else for Thanksgiving, it will never taste quite right. It won't be home. Who else will serve grandma's stuffing?

We create our own traditions for the same reason we create our own families. To know where we belong. We like our holidays the way children like bedtime stories: predictable. We do not come together for something new. Families prefer the familiar. And that is why our Thanksgiving will have the same old ending: Lemoo pie all around.

Washington Post Writers Group.

LETTERS TO THE EDITOR

The October Revolution: Let History Pass Judgment

William Pfaff's opinion column passing judgment on 70 years of Soviet power (Nov. 10) displays a complacency and lack of historical sense all too widespread among Westerners. He writes off the October Revolution as having been merely another Russian "time of troubles," without redeeming achievement. But this argument counterposes the arduous path of the Russian Revolution with the achievements of liberalism in the West, as though the latter owed nothing in the former. This is a mockery of history.

Mr. Pfaff acknowledges that the Bolsheviks' ideals were noble, but he fails to tell us what these were. One of the first acts of Lenin's government was to repudiate the claims on which Russian involvement in World War I was based. The Soviets published and denounced the secret agreement between Russia, Britain and France to carve up Turkish-held territory in the Middle East, and Turkey itself, with Istanbul being allocated to Russia. This was an unprecedented repudiation of the tradition of imperialism.

The revolution gave Russia a strong government that industrialized the country swiftly while holding it sufficiently aloof from imperialist assumptions to provide the force that ultimately destroyed the reactionary power of German imperialism. By giving impetus to anti-imperialist struggles in Asia, the Bolsheviks undermined the prestige of Western ruling classes. This encouraged social reform in the West, as did the general Russian challenge to capitalist assumptions, particularly in the Depression era. The October Revolution also made possible what constitutes the world's greatest achievement in the relief of human suffering: the land reform in China.

I am not at all inclined to overlook the great suffering undergone by the peoples of Soviet Russia in these decades. Its primary cause was that circumstances contrived to place too much of

the burden of establishing the principal values of our time — racial class and national equality — upon one country. The people of that country, Soviet Russia, deserve gratitude for the manner in which they carried that burden, not the insult of superficial verdicts.

R. NAYAR, London.

A Legal Replacement

Tunisia's constitution is not the only one that expressly contemplates the orderly and legal replacement of a president who is manifestly incapable of performing the duties of his office. Americans, take note.

JOHN V. WHITBECK, Paris.

The Book Gets in the Way

Regarding the report on the Iran-contra affair, may I ask: How can Americans fight a sworn enemy of their country — Ayatollah Ruhollah Khomeini — if they always have in go by the book? Could Churchill have fought Hitler if he always had to look in the book first? Thank God we did not have congressional committees during World War II.

MICHAEL A. ZERVOS, Woking, England.

Stop Lecturing the Asians

Regarding "Even Better Than Singapore-Style Order Is Freedom (Nov. 16):" William Safire's diatribe against Singaporeans reeks of Reaganomics. He should praise Singapore's exemplary re-

cord in running a drug-free and clean society. Instead, he is annoyed by it. His sermonizing to Asians in stop "profitless selling," shows his utter lack of understanding of economic principles. Should Asian countries be punished for making cost-effective quality products? America should realize that its lead in high technology is narrowing fast. Mr. Safire's rosy ideas about software that will change the way people live and work have to be weighed against the fact that 75 percent of computer memory chips are being designed and made in Japan, and that Japan is the undisputed leader in leading-edge technologies such as superconductors and robotics.

SHYAM JHA, Eybens, France.

Socrates in Quarantine

In French *la rage* means, among other things, rabies. I wonder how many of your far-flung readers are as enraged as I am about Britain's rabies regulations. I have just liberated my dog from his incarceration in a British canine jail. It is called "quarantine." It lasts six months and there is no remission.

The dog has a passport with photograph and paw print. He has lived, without challenge, in five European countries. He has been jabbed in his backside with every medication known to veterinarian ward off canine illness. The quarantine bill was £80; he was bought for £25. He is a nice dog, named Socrates because he ponders. He would ponder even more had prison not left him brain-damaged.

DENIS M. BLAKELEY, Garstang, England.

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50 YEARS AGO
1937: Thanksgiving
The American people gathered around their tables to celebrate the 50th anniversary of the signing of the Declaration of Independence. The day was marked by turkey dinners, parades, and football games. In 1937, Thanksgiving was a national holiday, and it was celebrated with the same traditions that we know today.

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Duarte Lays '80 Murder Of Salvador Archbishop To Rightist d'Aubuisson

By James LeMoynic
New York Times Service

SAN SALVADOR — President José Napoleón Duarte of El Salvador has accused the rightist political leader Roberto d'Aubuisson of responsibility for the 1980 assassination of the Roman Catholic archbishop of El Salvador.

The president said Monday that the charge was based on recent testimony from a man who said he drove the assassin to the church where Archbishop Oscar Arnulfo Romero was killed and later heard the killer discuss the shooting with Mr. d'Aubuisson.

Mr. Duarte said a close military associate of Mr. d'Aubuisson helped plan and direct the killing of the archbishop. Mr. Duarte contended that Mr. d'Aubuisson's associate then visited Mr. d'Aubuisson to confirm that the assassination had been carried out.

Mr. Duarte said the driver for one of Mr. d'Aubuisson's closest friends, Captain Alvaro Rafael Saravia, testified in court that he had been ordered by Captain Saravia to drive an unknown gunman to a downtown church in 1980.

Mr. Duarte said the driver testified that on arriving at the church, the gunman pulled out a rifle and killed Archbishop Romero with a single shot as he was saying Mass.

In Washington, the U.S. Marshals Service said Tuesday that Captain Saravia had been arrested in Miami, United Press International reported.

[Stanley E. Morris, director of the service, said in a statement that Captain Saravia was lured from a residence in Miami last week and arrested at the request of the U.S. Immigration and Naturalization Service for violation of U.S. immigration regulations. The immigration service said Captain Saravia was believed to have entered the United States legally but that his permit to remain expired 10 months ago. He will be held in Miami pending the determination of his status.]

At the time of the killing, Archbishop Romero was perhaps the most outspoken critic of the wave of rightist killings that had swept the country. Days before his murder, he had called on soldiers not to obey orders to kill civilians.

"In this moment I am telling the people and the world that I have completed my promise to uncover this abominable crime," Mr. Duarte said.

Mr. d'Aubuisson, a U.S.-trained former military intelligence officer who is the best-known rightist poli-



Port-au-Prince residents walking through the ruins of the city's main outdoor market after a fire that appeared to be arson.

Renewed Acts of Terror Sweep Capital of Haiti As Elections Approach

By Joseph B. Treaster
New York Times Service

PORT-AU-PRINCE, Haiti — With the presidential elections just days away, a new wave of violence apparently intended to disrupt the voting has swept through the Haitian capital.

One of the main open-air markets in Port-au-Prince was destroyed Monday by a fire that appeared to be arson. Shots were fired at national election headquarters and at the offices of two presidential candidates, and the main elections office for the capital district was ransacked.

One man was killed and two were hurt in the fire at the market. Two main roads as well as the national highway heading north were blocked Monday morning with burning tires and rubble.

For the first time in a terror campaign that started more than three weeks ago, several attacks were carried out in daylight. Many schools were closed, and by early Monday afternoon most of the stores and businesses in central Port-au-Prince had been shuttered and locked.

The attacks interrupted some preparations for the elections on Sunday and raised new concerns about whether voters might be afraid to go to the polls.

The terror campaign, which began with a fire that was set early in November at the national election headquarters, had diminished markedly in the last two weeks. And although many important aspects of conducting the elections remained unresolved, fears that the voting might have to be postponed had begun to fade.

"Last Friday, I would have told you everything was running fine," said Louis Roy, who is coordinating the efforts of some 30,000 volunteer poll workers. "But today I don't know."

In some of the attacks on Monday, witnesses said, the assailants shouted, "Long live the army and down with the KEP," the Creole acronym for the Provisional Electoral Council. The same message appeared on Monday in red letters on many walls in the capital.

Some Haitians said they feared the introduction of this slogan might be an attempt to set the stage for an intervention in the elections by the armed forces.

"They are trying to create chaos so the army will be able to say it has to intervene and we cannot have elections," said Alain Rocourt, the treasurer of the electoral council.

The army-dominated provisional government headed by Lieutenant General Henri Namphy has been feuding with the electoral council since summer, when General Namphy tried to take responsibility for conducting the elections away from the council in violation of Haiti's Constitution.

No more than 100 intervention officials and their offices, and the council members have frequently accused General Namphy of not doing his duty. Until last week, he had refused to provide any material support for the elections.

Those trying to disrupt the elections have not been identified, but most Haitians and Western diplomats say they assume they are people who benefited in one way or another from the dictatorship of François Duvalier, and his son, Jean-Claude, who succeeded him and ruled until he fled Haiti in February 1986.

Radio Métropole reported that some men believed to have been involved in two incidents on Monday were arrested.

Marseille Welcomes Closer U.S. Navy Ties

By Joseph Fitchett
International Herald Tribune

MARSEILLE — U.S. warships and sailors, rarities during the last two decades in French harbors, are becoming a familiar sight again here and at other French ports in the Mediterranean.

Early this year, the U.S. 6th Fleet started directing ships to Marseille for repair and restup and shore leave for the sailors. Local officials say the business and the show of U.S. colors.

The sudden upturn in port calls is only one indication of improving naval cooperation between the United States and France. This trend, U.S. and French officials say, can help counter developments in some other Mediterranean nations, notably Greece and Spain, where the United States faces opposition to naval and air bases.

Italian officials, for example, worry that anti-American trends in Greece and Spain could eventually affect opinion in Italy, too, a French diplomat said. "So they are reassured by France's steps to improve Western cooperation on Mediterranean security."

French officials confirmed the overall improvement in U.S.-French military ties, but declined detailed comment.

A U.S. official, noting that Marseille recently was host to an exceptionally large U.S. fleet, including a battleship and an aircraft carrier en route to the Gulf, said: "When U.S. missiles are about to be removed from European soil, the fleet is a useful reminder of how much U.S. military power remains."

France closed U.S. military bases after President Charles de Gaulle took the country out of the military command of the North Atlantic Treaty Organization in 1966.

That acrimonious episode led to a decade-long chill in U.S.-French military relations. It began to thaw in the late-1970s under President Valéry Giscard d'Estaing when France started becoming more openly concerned about growing Soviet military power.

Mr. Giscard d'Estaing quietly lifted a ban on U.S. nuclear warships in French ports, and U.S. ballistic-missile submarines started making occasional appearances at France's Atlantic submarine base near Brest, U.S. and French officials say.

The changed climate and closer cooperation, which continued to develop under President François Mitterrand, have become particularly visible in the Mediterranean.

In recent years as French and U.S. concerns there have converged. Even when French politicians keep their diplomatic distance from U.S. actions such as the bombing raid on Libya, relations between the two navies have continued to improve, becoming, as a U.S. officer in Marseille put it recently, "intimate."

French warships in the Gulf, for example, use NATO codes for communicating with U.S. and other allied warships.

The new mood is very apparent in Marseille, a town that has always thrived on foreign sailors. Now sadly decayed, the port, which traditionally accounted for one-third of the city's jobs, has lost business to more modern rivals in northern Europe. So officials and business people in the city welcome the U.S. Navy's visits as an economic stimulus.

In the last two months alone, repairs on the aircraft carrier Coral Sea and the missile cruiser Tronador have given \$750,000 in work to Marseille's two main shipyards.

The 6th Fleet, whose maintenance needs have grown with the Gulf deployment, has sent a stream of warships to Marseille, and U.S. naval officers said they intended to continue the policy.

Although Marseille has a reputation for crime and anti-Arab racism, U.S. sailors recently in the city said they got friendly treatment. "It's a sailor's port," one said.

Siberia City Lacks Heat at 54 Below

Agence France-Press

MOSCOW — Residents of Novosibirsk, in western Siberia, have been without central heating since Nov. 20 after a breakdown of the city's electric power station, as temperatures reached minus 48 degrees centigrade (minus 54 Fahrenheit).

The Soviet newspaper Trud reported Monday that three neighborhoods were affected by the power cuts, adding that residents were in a "critical situation."

The paper also criticized the "inertia" of the town's heating engineers. It added, however, that "no one expected such temperatures as early as November."

German Patient Dies in Blaze

Reuters

ESSEN, West Germany — A patient died and 430 people were evacuated when a crowded hospital in Essen caught fire, the police said.

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It's No Secret: Greece's Spies Want a Raise

ATHENS — Warning that...

Cuomo Won't Be Part Of a Debate in Iowa

ARTS / LEISURE

Pollock Museum Starts With Ground Work

By Douglas C. McGill
NEW YORK — In the converted barn here that for years was Jackson Pollock's studio, something resembling one of his drip paintings has been unexpectedly discovered under some floorboards.



Jackson Pollock at work on a drip painting.

The paintings that made him a key figure — many art historians would say the key figure — of postwar American art. No postwar artist has been interpreted so frequently and so variously as Pollock, whose works have been argued to be quintessential expressions of dozens of intellectual trends — Pollock as existential hero, Pollock as American modernist, Pollock as Jungian self-analyst.

Finney's Return to the Fold

By Sheridan Morley
International Herald Tribune

LONDON — Ronald Harwood's "J.J. Farr," at the Phoenix, deserves a welcome for unfashionable courage. Not since Graham Greene gave up agonizing about the Catholic dilemma on stage back in the 1950s can there have been a drama so single-minded in its de-



Albert Finney and Bob Peck in "J.J. Farr."

THE LONDON STAGE

termination to discuss the loss of religious faith and its rediscovery. The title character, craggly and angrily played by Albert Finney, is an ex-priest who, when kidnapped by Arab terrorists, has returned to the faith as the result of a final sacrament performed for a dying colleague in conditions of appalling horror. Released and back in England as the curtain rises, Farr goes to a charitable halfway house run for priests who have lost their faith, only to find them oddly unable to deal with his rebirth.

Clearly a priest who has rediscovered his faith is not about to feel at home in a subsidized limbo ap-

parently reserved for others who have not, but Finney manages to suggest also the alienation of the hostage, his eyes and body forever darting around the stage, always trying to guard a back that has been scarred with something that may very well not be the sign of the cross.

In the Barbican Pit, the RSC's Jean Genet season now comes to an end with "Deathwatch" and "The Maids." The double-bill allows the cast of male prisoners fighting and murdering over women in the first play to spend the interval clambering into drag in order to portray the mistress and serving girls of the second. A little gimmicky, maybe, but well in line with Genet's notions of sexual transference and confusion, and an idea which allows the audience to find power-play parallels in both texts, as well as a kind of kinky high-camp unity of dramatic purpose.

Unknown Liszt Score on Block

By Michael Kimmelman
NEW YORK — A major and previously unknown score by Franz Liszt is to be auctioned at Sotheby's in London on Friday. The work, for piano bears no title, date or signature but has been identified by Liszt experts as having been written by the composer between 1830 and 1832, when he was in his late teens and early 20s and active throughout Europe as a concert pianist. It is full of the extravagantly virtuosic writing that characterized his work in this period.

Allan Walker, a noted Liszt scholar at McMaster University in Ontario, Walker was one of several experts who confirmed the authenticity of the handwriting for Sotheby's. Although he has not seen the entire 36-page score, Walker said that from what he knew of the piece, it is a significant discovery and should enter the standard repertoire.

Picasso Etching Brings \$583,000

PARIS — A Picasso engraving of a woman crying brought a record-breaking 3.5 million francs (about \$583,000) at auction here, about the highest price ever before paid for an etching, according to a spokeswoman for the Drouot auction center. An anonymous Japanese collector purchased "La Femme qui pleure" (The Crying Woman) at auction Monday night, according to the spokeswoman.

Finney's Return to the Fold

The etching is one of 15 similar pieces done by Pablo Picasso as part of his work on the painting "Guernica." The etching formerly was in the collections of Marina Picasso and Morris Puto.

Finney's Return to the Fold

Another Picasso engraving, "La Femme au tambourin," sold in 1986 during an auction at Sotheby's in New York, holds the previous record of \$140,000.

Finney's Return to the Fold

Fernand Léger's "Le Garçon de café," painted in 1920, sold for 10 million francs to an unidentified Swiss collector, a record for the artist.

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France: The New Issues

IN THE NEWS

Sept. 13: New Caledonia Votes For France

New Caledonia votes overwhelmingly to remain a French territory. The voting by 58.9 percent of the 84,000 registered voters was 98.3 percent in favor of maintaining the status of a French overseas territory. Critics said the result was a foregone conclusion because opponents among the indigenous Melanesians, the Kanaks, had urged a boycott of the referendum.

Oct. 12: Rightists Disrupt Late-Night Assembly

The extreme-right National Front causes chaos during a late-night session of the National Assembly by flipping voting switches of absent members of rival parties. The Front, widely condemned in September over remarks in which its leader described Nazi gas chambers as a "detail of history," said it had staged the voting incident to protest absenteeism during a debate on a drug law.

Oct. 30: Scandal Breaks Over Iran Arms Sales

A leaked report from the Defense Ministry says Luchaire SA, a French weapons-maker, had exported \$120 million worth of artillery rounds to Iran from 1984 to 1986. Further evidence about other French arms sales to Iran in 1985 surfaced when the newspaper Le Matin published copies of documents concerning the export to Sweden of 800 metric tons of gunpowder and 250 tons of high explosives that were ultimately destined for Iran.

Nov. 12: Minister Delays Privatization Plans

The privatization of Union des Assurances de Paris, France's largest insurance group, is postponed in view of weak stock prices. Finance Minister Edouard Balladur said the sale, planned for December, would not take place this year. The government had already postponed the sale of its 51 percent holding in Matra SA, the arms and electronics group, and dropped plans to sell part of its stake in Air France. The price of shares in the 12 companies sold off so far by the government are trading on average 10 percent below their issue price.

Nov. 13: Paris and Bonn Extend Cooperation

At the end of a two-day summit in Karlsruhe, West Germany, French and West German leaders sign several pacts to extend cooperation in economic, monetary and military fields. The leaders confirmed plans to create a "security and defense council" in Paris to coordinate military cooperation.

Nov. 24: Interest Rates Cut

The Bank of France cuts its intervention and seven-day repurchase agreement rates by 1/4 point in response to the U.S. budget accord and in conjunction with a cut by the West German Bundesbank.

Mitterrand, Chirac and Elections

Beyond the Political Fray Lies a 'Choice of Society'

By Julian Nundy

PARIS — Rarely since Charles de Gaulle came to power in 1958 has France's political future been so difficult to gauge. Since parliamentary elections brought Prime Minister Jacques Chirac into office in March 1986, the political scene has been dominated by two elements — uncertainty over President François Mitterrand's intentions and which of the two main conservative leaders is best equipped to succeed him.

Now there is an end in sight to months of repetitive speculation: presidential elections next spring that will either bring the Socialist Mr. Mitterrand back to the Elysée Palace or introduce a successor.

Whatever the result, the new president is unlikely to have the support of a majority in the National Assembly and many analysts foresee a "cohabitation" — a new form of the left-right power-sharing that resulted from the conservatives' parliamentary election victory last year, as the likely outcome.

Such a situation, which could make for shifting coalitions that are hostile to their weakest links, is precisely what de Gaulle had intended to avoid when he created the Fifth Republic 29 years ago.

The final election dates have not yet been officially set, but the first round is expected to be held on April 24 with the second, runoff round on May 8.

In this pre-campaign period — the official campaign will start in March — opinion polls consistently place Mr. Mitterrand well ahead in the popularity stakes and therefore best placed to win.

Whenever he is asked, the 71-year-old Mr. Mitterrand talks wistfully of a desire to retire, a tack that convinces no one.

As an aide to the president said last week, "Mitterrand has not made up his mind and he will not decide until late."

But, he said, recent attacks on the president by members of Mr. Chirac's conservative coalition "are inciting him to fight."

Mr. Mitterrand himself is said to tell associates that it is

his enemies rather than his friends who are likely to persuade him to run.

Attacks against Mr. Mitterrand have ranged from warnings that his age might be a hindrance in a second seven-year mandate to allegations that the Socialist government that was in power from 1981 to 1986 turned a blind eye to illegal arms sales to Iran while the Socialist Party earned a commission from the traffic.

The arms affair, involving the export of about 450,000 artillery shells to the Islamic Republic, is one of a network of scandals criss-crossing the political spectrum that are discussed by politicians and the media under the general heading of "les affaires."

These "affaires" menace the reputations of the Gaullist justice minister, Alain Chabat; Interior Minister Charles Pasqua; the former Socialist cooperation minister, Christian Nucci; and the former Socialist defense minister, Charles Hernu.

While there is a French tradition that scandals involving politicians rarely come to a clear-cut conclusion, giving little reason to believe that any of this year's models will have a lasting effect, some political sources say they expect them to resurface constantly in what could be one of the roughest election campaigns in modern France.

Much of the rough stuff could well come between the two likely conservative candidates, Mr. Chirac and his anti-cohabitation center-right rival, former Prime Minister Raymond Barre.

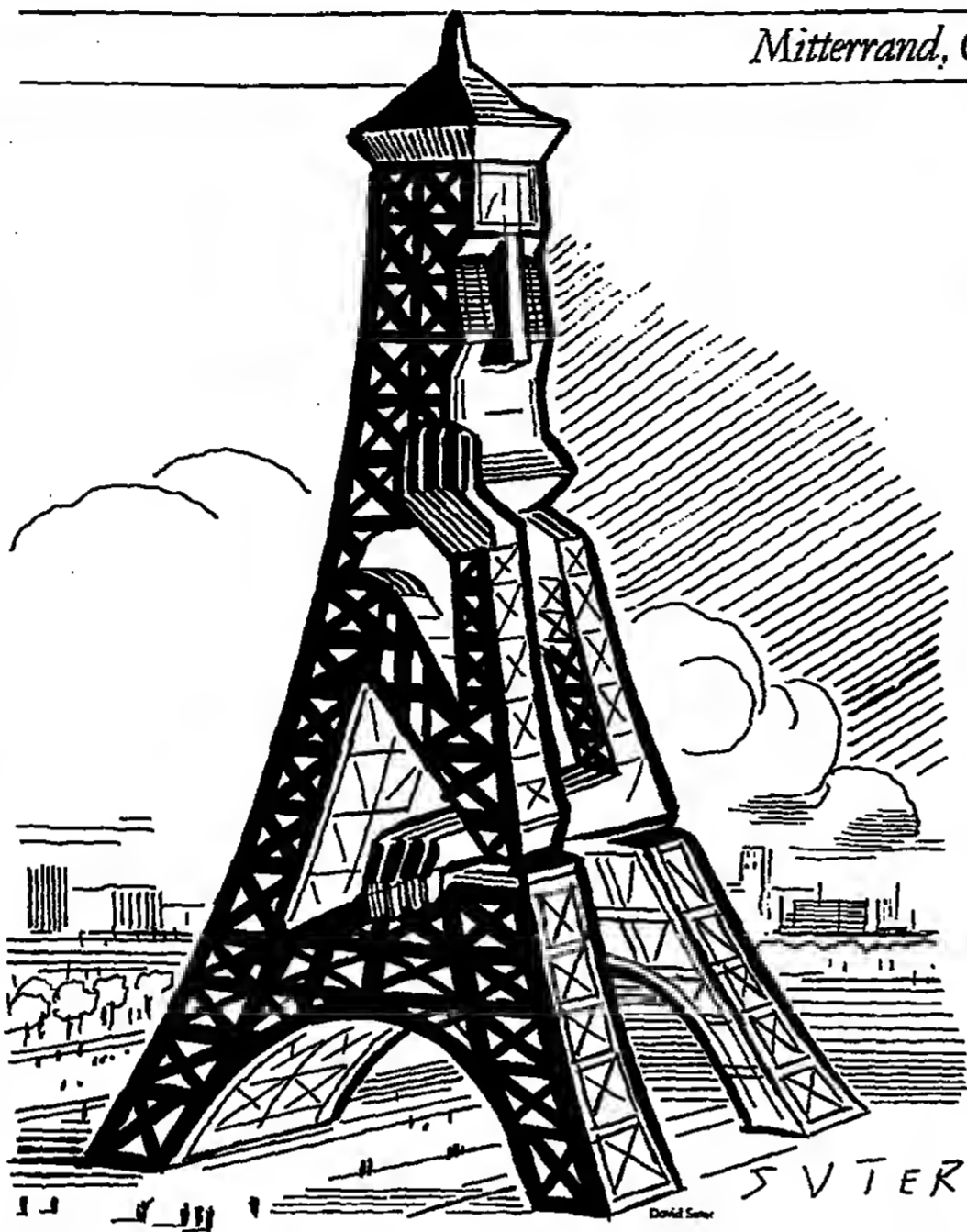
A mild foretaste of this came after the alleged Socialist involvement in the Iranian arms deals came to a head early this month.

The Socialists placed the blame for the scandal on Mr. Chirac's office, hinting that associates of the Gaullist leader had orchestrated the leaks that implicated them.

Mr. Chirac, after a reportedly stormy meeting with the president, tried to calm the atmosphere by saying that politicians should "ensure that they do not feed disputes which damage everyone."

This was welcomed by Mr. Barre, who added his own

Continued on page IV



Moslem Mosaic Among Immigrants Is Puzzle for Nation

By Barry James

PARIS — France, which has long prided itself on being the "eldest daughter" of the Roman Catholic Church, has suddenly, in little more than a generation, become home to as many as three million Moslems.

Islam has overtaken Protestantism and Judaism to become France's second most numerous religion. But it is fragmented, often mistrusted and little understood either by the government or the population at large. In most people's minds, Islam is synonymous with Arab — and in most cases this is true. The majority of Moslems in France come from North Africa and elsewhere in the Arab world. But there are also important Moslem communities from countries in Africa south of the Sahara, from Mauritius, Réunion and the Comoros archipelago in the Indian Ocean, from the Indian subcontinent, Iran, Turkey and Yugoslavia.

In addition, there are about 40,000 French converts to Islam, mostly middle-class people attracted to its mystical aspects. About one-third of the Moslems in France are thought to have French nationality.

In 1971, there were only 33 mosques or

According formal recognition to Islam implies integrating its adherents into society to a far greater extent.

other formal places of worship in France for Moslems. Today, there are nearly 1,000, many financed with petrodollars by Saudi Arabia or provided by factories with large Moslem work forces. In addition, there are about 600 Islamic associations representing a wide range of opinions.

Since the early 19th century, the nonconfessional French state has ordered its relationships with major religions through formal agreements with recognized representative bodies, such as the Central Consistory in Paris for the Jewish community.

But, lacking a structure and a hierarchy, Islam has no formal contacts with the state. And the fact that the various Islamic associations are frequently rivals makes it impossible

for the authorities to concede to Islam as a whole the official status it gives to other religious persuasions.

The closest to an official representative is the mufti of the Grand Mosque of Paris, Sheikh Abdel Hamid Amer, but he is supported by the Algerian government and does not reflect the views of the vast majority of Moslems in France.

Amid this confusion, and with a background of tense relations between France and Iran, the perceived threat of Shiite fundamentalism looms disproportionately large. In the eyes of the Ayatollah Ruhollah Khomeini, who had lived near Paris as a political exile, France seems to be only a notch lower in iniquity than the Great Satan itself, and the

constant fear of the French security services is that this tension could erupt at any moment into civil disorder and terrorism.

But the vast majority of Moslems in France are Sunni, and, according to Gilles Kepel, author of a recent book about them, too divided and too intent on establishing their identity to throw themselves en masse into the arms of the Shiite revolution.

"Without a doubt, it is better to avoid the thinking that sees in every Moslem a terrorist in full flower," he said. "It would be equally as absurd to see a Torquemada in every Catholic or a Rabbi Kahane in every Jew."

Nevertheless, he said, "it would be blind to deny that numerous acts of terrorism and hostage-taking form part of the anti-Western strategy of certain Middle Eastern states."

Lucette Valensi, who teaches North African and Middle Eastern history in Paris and at the University of California, said Shiite fundamentalism does not have any direct or institutional influence among Moslems in France.

"but it does have an influence in terms of being a model of resistance to the West which has been successful, and which is motivated by Islam instead of by nationalism or anti-imperialism."

"In this respect," she said, "it has nurtured

a feeling of superiority, of being able to cope with modernity, or whatever. Another element is that fundamentalism does not only exist in its Khomeinist form — you have many other expressions of it, such as the different movements that have been financed in France by Saudi Arabia and Pakistan."

The attempts of these countries to buy influence, she said, "has to be seen in terms of political and ideological competition and as an effort to occupy the terrain against others."

Mrs. Valensi said instability is likely to exist so long as there is no structure "that would institutionalize the presence of the Islamic community and avoid the intervention of foreign governments."

"It is something with which France will have to come to grips within the next few years," she said.

According formal recognition to Islam implies integrating its adherents into society to a far greater extent than at present. But racist, above all anti-Arab, tendencies are fanned by the rightist National Front of Jean-Marie Le Pen on the one hand, while, on the other hand, many first-generation immigrants, particularly among the lower social strata, are reluctant

Continued on page II

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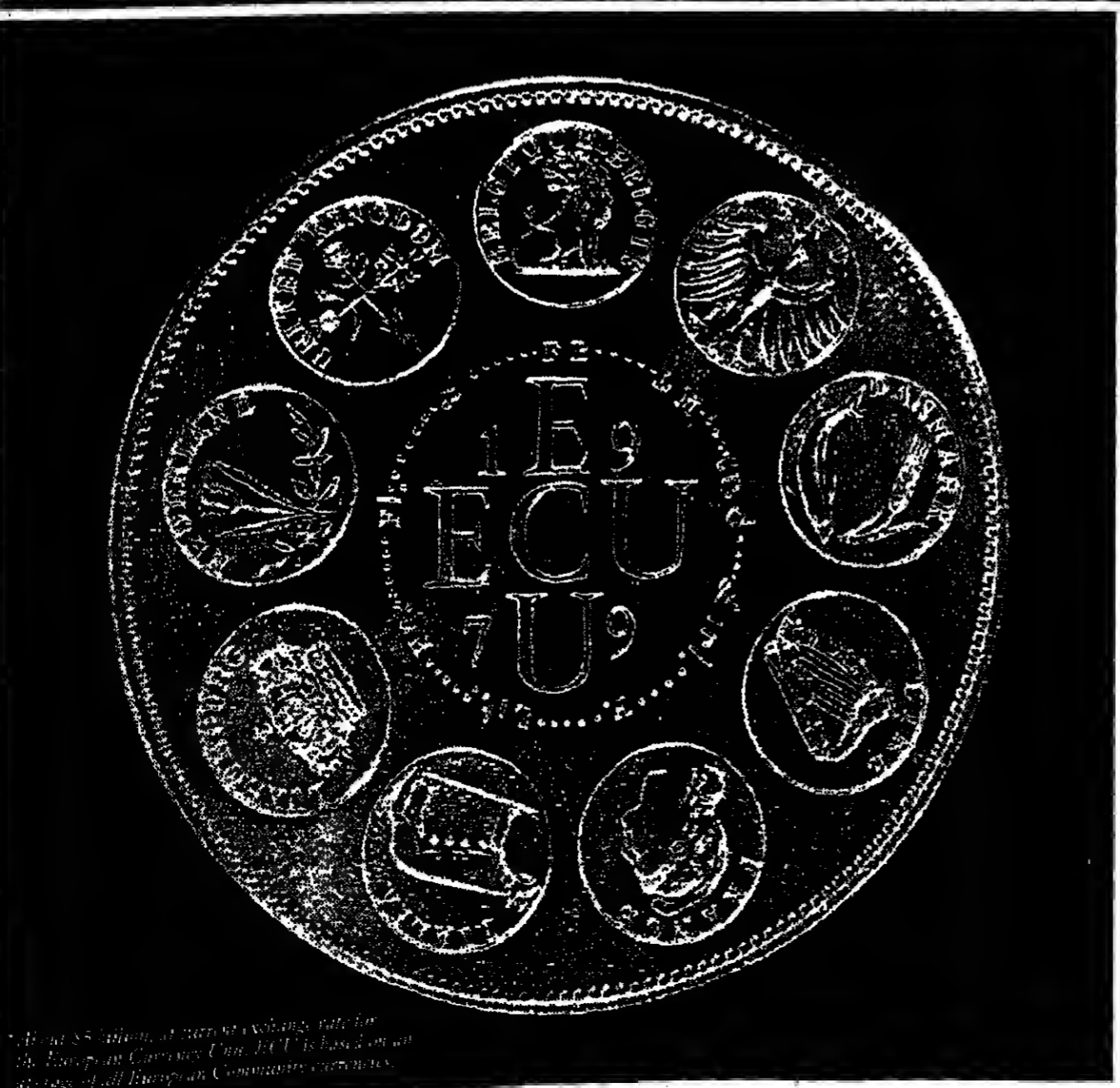
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Social Insurance System Groans Under Its Deficit

By Jacques Neher

PARIS — First, start with a society accustomed to having most of its insurance needs met by the government. Add equal measures of low economic growth, high unemployment, a rapidly aging population and ballooning health care expenses. Include bureaucratic inefficiency, fraud, powerful lobbies and political self-interest, and you have a recipe for social insolvency.

France, which since 1945 has insured its population against the hardships of unemployment, workplace accidents, disease, old age and raising a family, is now facing the reality that it cannot afford its social security system.

Indeed, a special committee appointed by Prime Minister Jacques Chirac earlier this year to explore the problem took as its symbol the whale, another endangered species.

Mr. Chirac himself minced no words last April, when he deemed the system "in peril." He noted that a succession of rescue plans over the past 10 years "hasn't prevented spending from growing faster than receipts."

Despite another emergency plan enacted last May to patch up the system, the SECU, as it is known, will suffer a 10 billion franc (\$1.74 billion) deficit in 1987, and officials predict that it will grow to 28 billion francs in 1988.

However, these gaps are tiny compared with projections recently made in a report by the French Senate, the upper house of Parliament, which sees the SECU deficit growing to between 120 billion francs and 160 billion francs by 1992, depending on the economy.

Of the SECU's three major insurance programs, health, retirement and family (an unemployment fund is managed separately), the health insurance program weighs heaviest and is draining money the fastest. A former SECU official called it "the heart of the problem."

The health insurance plan, which reimburses, to varying degrees, everything from eye checkups and prescription drugs to major medical expenses, ac-

counts for half of the total expenditures by the SECU, which are estimated for 1987 at 725 billion francs.

Health care consumption, in volume of services rendered, has grown 43 percent since 1980. As a result, the French have become the third largest health care consumers in the world (behind the United States and Sweden), with medical expenses representing 9.1 percent of France's gross national product.

The retirement fund is also in trouble since the population is aging faster and living longer in its retirement years. By the year 2020, 26 percent of the population is expected to be over 60, versus 18 percent currently. Retirement benefit payouts will have to grow 5 percent per year to keep pace.

The family protection program, which, for example, pays parents of two children 544 francs per month, regardless of need, is in relatively good health. The number of children, 12.5 million, covered by the program is not expected to grow over the next few years, despite a recent campaign encouraging parents to have a third child.

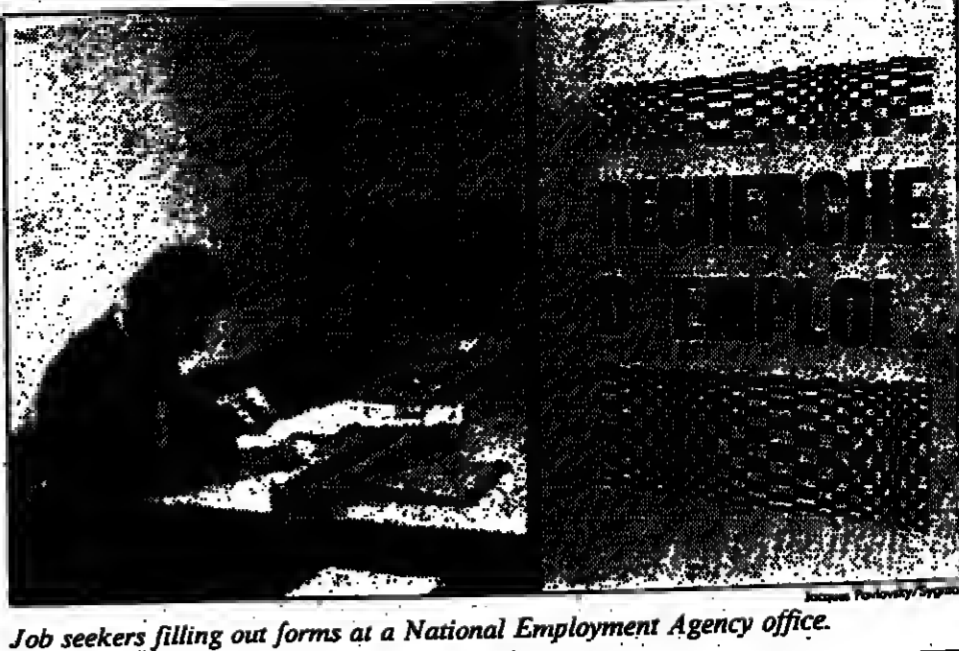
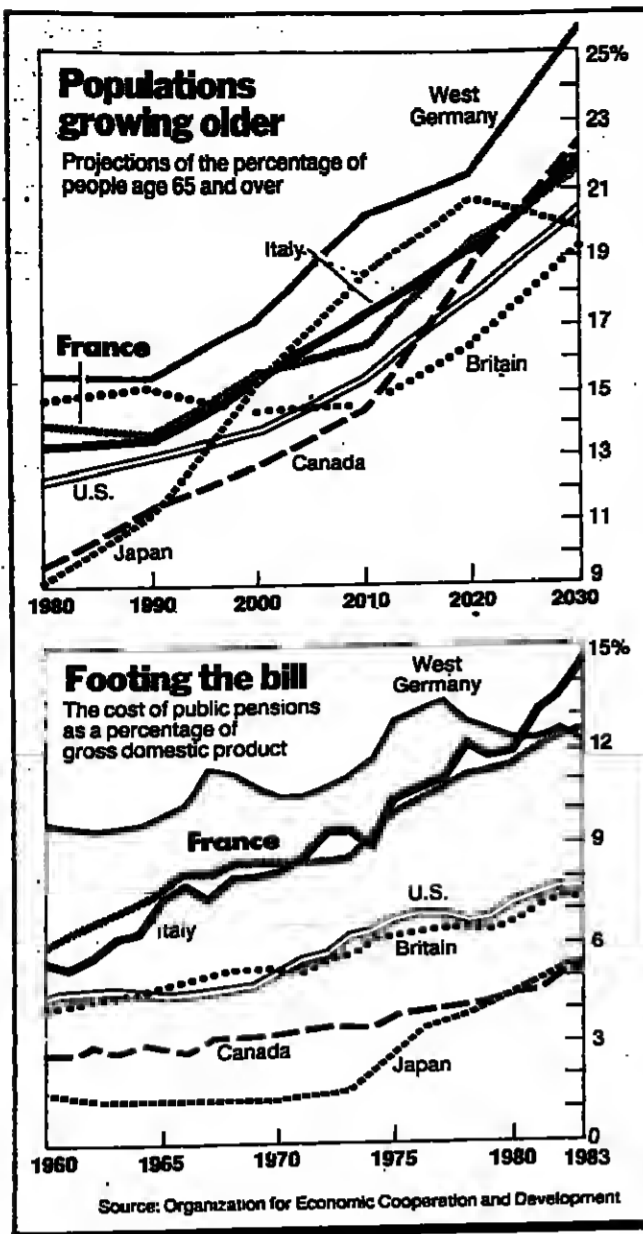
The special commission created to study the situation released its findings last month, suggesting a variety of measures to put the system back on its feet. These included placing a new tax on the individual's gross income at its source, the rate for which would be decided each year by the Parliament.

To cut costs, the commission outlawed advertising on tobacco and alcohol products, which are believed responsible for 50,000 deaths a year in France and for a large portion of health care expenditures. It also suggested limiting the number of new doctors and eliminating surplus hospital beds.

The report also called for a more streamlined, efficient management.

The proposals drew predictable fire from organized labor, retirees and the powerful French medical establishment at recent public hearings, reflecting the political sensitivity of the problem.

JACQUES NEHER, a journalist based in Paris, is a regular contributor to the *International Herald Tribune*.



Job seekers filling out forms at a National Employment Agency office.

Searching for a Formula To Brake Unemployment

PARIS — Just when economists began seeing a thin ray of light at the end of a long tunnel of joblessness in France, last month's stock market crash came along to blacken the scene again.

As such, most observers expect that France's chronic unemployment will be high on the list of campaign issues confronting contenders for the French presidency next May.

However, they say, it probably will not affect the outcome, as the problem has been mounting since 1973 under both conservative and Socialist governments.

"Unemployment will be a very important theme in the election, but it won't much affect the choice of candidates because the people now know there are no miracle solutions," said Guy Longueville, an economist with Banque Nationale de Paris.

France's unemployment rate, which hovered around 2 percent through much of the 1960s boom, took flight after the first oil shock, growing to 4.1 percent by 1975 and, following the second oil shock, to 6 percent by 1979.

With wrenching industrial restructuring sparked by the 1980-1982 recession, the layoffs multiplied, particularly in the steel, auto, coal and shipbuilding industries. The jobless rate grew to 10 percent in 1984, 10.2 percent in 1985 and 10.5 percent last year. By August, it had reached 10.7 percent.

Encouraging news came in September when unemployment dropped back to 10.5 percent, providing the first signs that France was beginning to create jobs.

In fact, Mr. Longueville said he expected the final quarter's statistics to show a net gain of new jobs, with the growth of service-sector employment outweighing the loss of jobs in the industrial sector.

But for next year, the outlook has suddenly turned gloomy as a result of the stock market plunge. "We've just revised our estimates for economic growth in France down to only 1 percent in 1988," said Mr. Longueville. "In that context, we can't help but see a new net loss of jobs."

Even before the stock market turmoil, a world labor market report issued by the Paris-based Organization for Economic Cooperation and Development projected that joblessness in France would hit 11 percent in 1988, the highest of the seven leading industrial countries.

That study presumed an economic growth rate of 2 percent, a figure it now is also revising downward. Translated into human terms, France has about 2.6 million people searching for work in a population of 55.5 million.

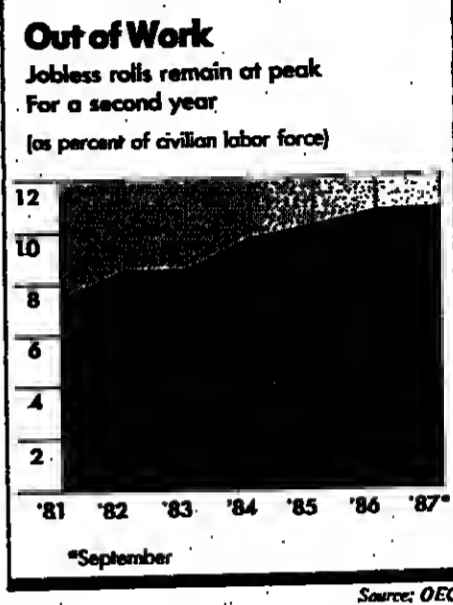
About 25 percent of the job-seekers are in semi-skilled trades, while another 15 percent have no skills, according to government statistics. Roughly 12 percent of the unemployed are immigrants, about three-quarters of them from outside the Common Market.

As in many countries, unemployment has hit young workers the hardest. In 1986, the jobless rate for French teen-agers was 29.2 percent, and 22.2 percent of those between 20 and 24 years old were also without work.

As worrisome to French officials is the level of long-term unemployment, which, according to the OECD study, is particularly severe in France. The long-term unemployed — those out of work for more than one year — now number about 835,000, and OECD economists see that number growing to 1.2 million next year, or about 45 percent of all the jobless.

This year, Labor Minister Philippe Seguin accelerated programs to retrain the long-term unemployed, but it is debatable how many will find jobs when the training is finished.

In addition, about 178,000 workers under age 25 are enrolled in a highly touted youth employment program called TUC, or *travaux d'utilite collective*.



Launched in 1984, TUC provides government-subsidized wages for part-time work. In all, about 300,000 people are enrolled in some kind of government-sponsored retraining or "reinsertion" programs and, as such, are not included in the rolls of the jobless.

If included, economists say they would add about one point to the unemployment rate, bringing it to 11.5 percent.

Michel Delabarre, the labor minister under the Socialist government, recently accused his successor of trying to "artificially" lower the unemployment rate by spending most of the money budgeted in 1988 for these retraining programs in the first quarter, before the elections. Mr. Delabarre said this would leave a "time bomb" in the hands of the next government. Mr. Seguin has not responded.

Meanwhile, the government is taking other measures in an effort to find jobs for dislocated workers. For example, earlier this year, it launched so-called enterprise zones in three regions affected by the phase-out of the Normed shipbuilding yards. More than 7,000 Normed employees will be left without work by the end of next year.

The program, which gives 10-year corporate income tax holidays to job-creating companies starting operations in the zones, has already received start-up commitments accounting for more than 1,000 new jobs, according to Industry Minister Alain Madelin.

Others are taking matters into their own hands. An organization called the France Foundation was launched in August to help people start their own job-creating businesses. It utilizes retired executives and donated expertise from the legal and business professions to help would-be entrepreneurs overcome the obstacles to starting a business in France.

Guy Courtois, president of the organization, hopes to help create one million workdays for the unemployed within the next 18 months.

While few are optimistic about the short-term outlook for employment in France, the longer-term view is a bit brighter.

With the peak of the demographic curve already entered into the work force, Paul Horne, an economist with Smith Barney in Paris, sees better chances for a significantly lower jobless rate, perhaps between 7 percent and 9 percent.

"But I don't see that before the early '90s," he said, "after the next recession."

Jacques Neher

Moslem Mosaic Presents Puzzle for Nation

Continued from page 1

to become involved with society even if it were fully to accept them.

If these factors tend to militate against integration, at least in the short term, Mrs. Valensi and other experts say there are powerful forces leading toward integration in the longer term.

The French government, in cooperation with member countries of the Arab League, is about to open an Institute of the Arab World in Paris, in what a spokesman agreed is an attempt to diminish racial tensions. The hope is that the museum and documentation center, about one-quarter the size of the massive Pompidou Center in Paris, will help the French man-in-the-street to appreciate Middle Eastern culture rather than regard his Arab neighbors as an illiterate and crime-ridden threat to society.

The racial problem is especially complex in the southern port of Marseille, where more than 120,000 immigrants from North Africa, making up about 10 percent of the population, have changed the aspect of entire areas of the city, and where the extreme right holds about one-fifth of the vote. But the slurs and epithets that are often directed against the newcomers are exactly the same as those made at the turn of the century against Italian immigrants, who have since successfully integrated.

"In the French political tradition, there has always been a proportion of fanatics — first against the Jews, then against the Protestants, then against the Arabs," Mrs. Valensi said. "But there has always been an Emile Zola to say 'Enough!' So far, the second tendency has always won, and I think it will in future. Le Pen and his followers are violent, but they will remain a minority."

Although Islam has been present in France since the 8th century, it remained a tiny minority until the end of the Algerian War 25 years ago. That war brought to France more than 900,000 French settlers, known as *pieds noirs* , and about 400,000 *harkis* , Arabs who fought on the French side during the war of independence, and their families.

While the *pieds noirs* quickly integrated, the *harkis* remain traitors to their native land and outsiders in France. Many still live in the rudimentary camps in which they were first settled, with eight out of 10 adults



Moslems at prayer in the Grand Mosque of Paris, a focal point of Islam in France.

unemployed in some areas and a high rate of crime.

The 1960s economic boom later brought hundreds of thousands of immigrants to France from Algeria, Morocco and Tunisia. They were regarded as temporary workers, but many remained, creating a second-generation class of children who, like the last, are neither integrated into French society nor accepted by the countries whose passports they hold.

"You have kids in Marseille who have Algerian parents but who speak with the local accent and would be regarded as foreigners if they went 'home' to Algeria," Mrs. Valensi said.

Some argue that the rootlessness of many second-generation immigrants and their sense of frustration over poor living conditions and lack of employment prospects makes them prone to accept fundamental-

ism and to turn to violent solutions. While this may be true in individual cases, it is not generally borne out by the evidence, which indicates that after the first generation of immigrants, religious ideology tends to wane.

According to Bruno Etienne, author of a recent book on radical Islam, only about 5 percent of Moslems in France regularly and actively practice their religion.

In many places, he told a commission which is drawing up a new code of nationality in France, it is possible to see Arab immigrants lining up to play the state lottery or place bets on horses, despite the Islamic prohibition on wagering.

Mr. Kepel said in his book that the greater an immigrant's degree of education and culture, the more likely he or she is to ignore dietary and other restrictions and integrate with French neighbors.

And Mrs. Valensi noted a tendency toward syncretism, the combining of different religious traditions. For example, she said, many nominally Moslem families will respect Ramadan, but they will also buy presents and a tree at Christmas so that their children do not feel left out.

The preoccupation with fundamentalism, she added, "tends to make us forget that many second-generation people might be Moslem by tradition, but that they want to be French and that the next generation may be less attracted to Islam."

"I think Islam is part of a cultural tradition that is already to some extent syncretic and French," she said.

BARRY JAMES is on the staff of the *International Herald Tribune*.

CHAMBRE DE COMMERCE ET D'INDUSTRIE DE PARIS

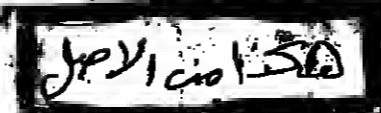
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4. TUC provides government-aid part-time work. 300,000 people are enrolled in government-sponsored retraining or "retraining" programs, as such, are not included in the unemployment rate, bringing it down to 10.5 percent.

Debarre, the labor minister under Mitterrand, recently accused his socialist government of "artificially" lowering the unemployment rate by spending most of the money budgeted in the 1987 program in the first quarter.

Mr. Debarre said this "artificiality" in the hands of the next government has not responded. The government is taking other measures to find jobs for dislocated workers. Earlier this year, it launched so-called "zones" in three regions affected by the Normandy shipbuilding yards. The 10,000 employees will be left without work by the end of next year.

The zones, which give 10-year companies a 10% tax break, have already received state aid accounting for more than 1,000 jobs. The zones are being managed by the Ministry of Industry. Minister Alain Madelin is pushing matters into their own hands. He has called the France Foundation to help people start their own businesses. It utilizes legal and business expertise from the legal and business world to help would-be entrepreneurs. The foundation is helping to start a business in France. The president of the organization, Jacques Nadeau, says the organization has helped create one million workdays for the next 18 months.

Debarre and his colleagues are optimistic about the situation. They say that the unemployment rate is the lowest in France, the highest in the world.

Jacques Nadeau

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Dollar Effect Sharpens Exporters' Problems

By Jacques Neber

PARIS — Already suffering from an eroding share of the world market, French exporters are likely to experience a further setback because of the dollar's latest decline.

The exchange-rate effect, say economists, will add to more fundamental problems contributing to France's trade deficit, which is expected to soar to 35 billion francs (\$6.14 billion) this year.

France's worsening trade position, particularly in industrial goods, has caused waves of alarm on both ends of the political spectrum and is sparking calls for a policy to promote export development.

In a recent report before the National Assembly, Aymeri de Montesquiou, a lawmaker from Gers, warned that the "deterioration of our industrial trade... is far from ended."

Through October, France's trade deficit had mounted to 31.2 billion francs, against a deficit of only 2.4 billion francs in the same period of 1986.

For 1988, the government is speaking with two different voices in its outlook. Edouard Balladur, the finance, economics and privatization minister, in his budget for next year, has projected a trade deficit of 32 billion francs, while Foreign Trade Minister Michel Noir believes the trade accounts can be brought into balance, due largely to expected deliveries of Airbus aircraft.

Mr. Noir said last week that the worsening deficit was a result of higher import levels. "We must fight against the snobbism that consists in buying foreign [goods] rather than French," he said.

Economists, however, blame both the dollar and poor corporate strategies for the deterioration of France's trade performance.

Paul Horne, economist with Smith Barney in Paris, said the dollar's latest fall will give French products a significantly rougher time in the "dollar zone" — North and South America and the Far East.

As a result, he said, "Instead of exports growing 3 percent next year, we may now see 2.5 percent."

The dollar, which peaked at a little over 10 francs in the spring of 1985 and fell to an

average of almost 7 francs last year, started 1987 at about 6.4 francs. Soon after, it descended to around 6 francs, where it had held until last month's world stock market crisis.

By mid-November, the dollar was trading at around 5.7 francs. This means that a bottle of French wine that sold for \$10 in the United States 30 months ago would now have to be priced at around \$17.50 to yield the same revenue for the French exporter — and that is not taking into account inflation.

That leaves the exporter to the United States and other dollar-zone countries a choice between raising prices to compensate for the currency exchange losses, suffering lost sales as a result, or accepting a fall in the profit margin in order to maintain market share.

Initial figures indicate that many companies are picking the first course. Last year, French exports to the United States fell 19 percent to 61 billion francs.

In the process, the United States' importance as an export market for France fell from third place in 1985, behind West Germany and Italy, to fifth place, behind Britain and Benelux.

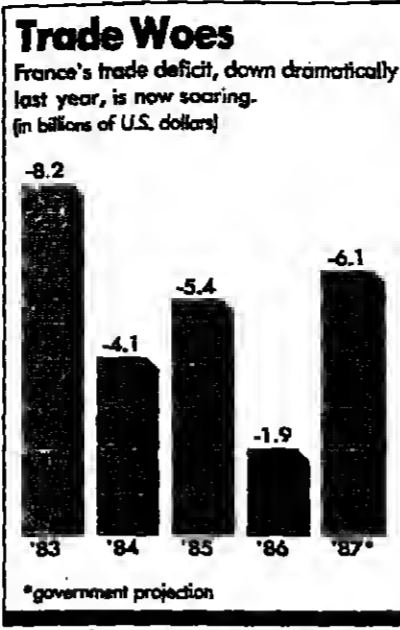
The falling dollar helped transform France's 2.2 billion franc trade surplus with the United States in 1985 into a 6 billion franc deficit in 1986. France last year imported 67 billion francs worth of American goods, down 8 percent from 1985.

Meanwhile, Mr. Horne said the franc's "effective devaluation" against the Deutsche mark over the past month could help French exporters pick up additional sales in West Germany and the Netherlands, where the guild generally follows the mark.

The rise of the mark against the dollar in recent weeks has pushed the franc down against the German currency, sparking speculation that a realignment of the European Monetary System may be on the horizon.

Last year, France imported goods worth 172 billion francs from West Germany, an 8 percent increase from 1985. Exports rose only 2 percent to 133.1 billion francs, making France's trade deficit with West Germany grow from 28.6 billion francs to 38.9 billion francs.

But if previous devaluations are an indication, there is no guarantee that a weaker franc will necessarily produce more sales.



"It's not always a question of price, but also of quality and image," noted Petra Ott, economist with Citibank in Frankfurt. "French products don't have such a good image in the German market."

Indeed, exchange rates are not entirely responsible for France's declining trade position. A recent report by INSEE, the national economic forecasting agency, blamed French companies for not focusing their energies in growing product categories, while also failing to hold on to profitable market shares they had already captured.

Claiming that France needs a large-scale policy to develop exports in the years ahead, Mr. Montesquiou earlier this month told his fellow lawmakers at the National Assembly that "to accept the deterioration of our commercial trade would be suicidal."

His trade proposals included:

- Government intervention to promote bilateral relations between France and high potential markets such as South Korea, India, Brazil, Indonesia and China.
- Promotion of "triangular" operations, using French capital and know-how to manufacture, with joint venture partners in Asian countries, products for the French-speaking African market.
- Tax reductions for companies that increase the ratio of exports to total sales each year.

Defense Policy Keyed to Bonn

French and West German concepts of defense and fears of war differ radically.

By Julian Nundy

PARIS — Twenty-one years after forcing the North Atlantic Treaty Organization to move its headquarters out of Paris, France's defense planning is firmly axed on cooperation with its West German neighbor.

The symbolic centerpiece of this cooperation is the forthcoming formation of a joint French-West German brigade under French command that will be based in West Germany.

The two countries agreed on Nov. 13 to set up a joint defense and security council next Jan. 22.

Its creation, foreseen in the original French-West German treaty of reconciliation concluded by President Charles de Gaulle and Chancellor Konrad Adenauer on that date in January 1963, could appear to be a logical extension of the cooperation that exists in many other fields.

But it brings together nations whose concepts of defense and fears of war differ radically.

France, with its independent nuclear deterrent, has strengthened its armed forces over the past 20 years with the apparently broad-based support of the population and certainly without the vocal pacifist opposition found in West Germany.

Officials on different sides of the political divide in France attribute this "political consensus" to France's determination, originally laid down by De Gaulle, to build

an independent defense, outside NATO's integrated command structure.

While France fiercely defends its right to maintain its own nuclear force, the West Germans are haunted by the prospect that any nuclear war could well be played out on their soil.

Last month, during a state visit to West Germany, President François Mitterrand attempted to allay such fears.

In France, it is the president who decides on the use of nuclear weapons so his word would be crucial whatever the composition of his government or Parliament.

Officials say Mr. Mitterrand has decided against the use of France's short-range Hades and Pluton systems that would be used in a battlefield context and, therefore, in any Central European arena, preferring instead to keep nuclear weapons for a purely deterrent role.

"The idea of a limited nuclear war is stupid," said one aide to Mr. Mitterrand. "We want to rehabilitate deterrence."

Although officials at the Elysée Palace say they do not perceive any Soviet threat to Western Europe under its current leadership, they specify that France's nuclear planning is aimed against Moscow.

"We must keep our ability to impress the Soviet Union directly," one said.

At a press conference in Hannover last month, Mr. Mitterrand said: "I am simply concerned with preserving French deterrence. I have repeated that it is not a matter of winning a war but of preventing one."

He added that nations "seek very often to obtain the fruits of war without making war. That is the strategy of threats."

To resist this, he said, France had a "strategy of nuclear deterrence and strategic nuclear deterrence is quite simply the ability of



President François Mitterrand and Chancellor Helmut Kohl during consultations in West Germany this month.

a country to reach the soil of an aggressor directly."

The creation of a joint army brigade, made up of two battalions from each country and based at Böblingen in West Germany, is French officials say, purely a symbol and does not preclude any attempts to merge the two armies.

The French troops will come from France's First Army Corps while the Germans will be from territorial forces that are not under NATO command.

Given Germany's defeat in World War II, the commander of the brigade will be French, while its general staff will be mixed.

SOME West German politicians have suggested that a combined French-West German force could become an example for other European countries which might then join it.

Mr. Mitterrand has said that Italy and Spain and other unnamed countries have expressed an interest, but French officials discounted the likelihood that it could grow into a major pan-European force.

The officials also denied that French involvement with West Germany, possibly NATO's most committed member, implied either any rapprochement with the organization or any attempt to split West Germany away from it.

In general terms, French defense officials still consider the role of the United States in NATO as too preponderant for France to return, preferring a greater European role.

In their Nov. 13 statement, France and West Germany said they would seek to promote the idea of "a European identity" on defense and security, principally through the Western European Union, which groups members of the continent's parliaments.

But French officials said they saw little prospect for fast movement within the Western European Union at the moment and that bilateral cooperation on defense issues "to get into the habit of working together" was probably the best way to make progress.

"We are ready to go very far to help our allies," an aide to Mr. Mitterrand said, "but when it is we who decide."

For this, as far as conventional forces were concerned, France needs to expand its Rapid Action Force, given that the Soviet Union could attack anywhere in Europe and would not necessarily make a first strike through the heavy concentrations of troops along the East-West borders, he said.

"The idea of a very mobile, powerful force would be very disturbing to Soviet planners," he added.

Beyond the Political Fray

Continued from page 1

anti-Chirac barb by declaring that politicians "should also ensure that they do not instigate such disputes."

Budget Minister Alain Juppé, the official government spokesman, then lamented that the center-right parties, "by stressing their differences, are ruining their chances."

The first round of the presidential election will decide whether Mr. Chirac, of the Gaullist Rally for the Republic, or Mr. Barre, of the Union for French Democracy, will go forward against Mr. Mitterrand or whoever is the Socialist candidate.

In the wings for the Socialist candidacy are a Mitterrand rival, Michel Rocard, and former Education Minister Jean-Pierre Chevènement. Mr. Rocard has good poll ratings but few analysts give him a serious chance in a presidential fight.

The fortunes of the once-powerful Communist Party have fallen so low that some predictions give its candidate, André Lajoinie, as little as 4 or 5 percent of the vote.

For Mr. Chirac, the election represents the culmination of nearly 12 years of constant political battling since he resigned from the main plank of Mr. Chirac's economic program, privatization of state-owned firms, picked up momentum.

While some economists criticized the pace of the reform, saying that too many firms were being denationalized too quickly, the new share issues nevertheless attracted many small savers.

All this ended with the world stock market crash of October and the program has gone into effective abeyance.

Even at the Elysée, where there is no sympathy for privatization, officials say that the French seem to have realized that the collapse of share prices was part of a worldwide phenomenon and not the fault of the Chirac government.

But some analysts say that a backlash from those who put otherwise secure savings into the Paris Bourse is inevitable, perhaps as the voters turn out in April. It will certainly take the edge off vaunting the virtues of economic liberalism during the campaign.

On the positive side, the Chirac government has scored notable successes against terrorism, rounding up a number of alleged members of a pro-Iranian group whose bombs caused 13 deaths in Paris in 1986.

If Mr. Mitterrand runs and wins, his preference will presumably be for a government drawn mainly from his Socialist Party.

But given that the Socialists are unlikely to regain a majority in Parliament, this will be difficult unless they conclude alliances with the center, political sources said.

Speculation along these lines is

based on theories that the Union for French Democracy, an alliance of non-Gaullist center-right parties set up 10 years ago by Mr. Giscard d'Estaing, could fall apart if Mr. Barre loses the elections, opening the way for centrist groups to make deals with the Socialists.

Some French commentators see a gravitation of political ideas toward the center as the ideological barriers that have traditionally separated the French have softened. This, they say, would favor more centrist style of administration. On the left, this is seen as a movement toward the social democracy typical of northern Europe.

If either Mr. Barre or Mr. Chirac wins, acrimony between

Some French commentators see a gravitation of political ideas toward the center.

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WALL STREET WATCH

Dollars Invested Abroad Did Better Than in U.S.

By VARTANIG G. VARTAN
NEW YORK — The five-year bull market that drove stock prices to record levels by the end of August proved a bonanza to U.S. investors. But in hindsight, these investors would have fared considerably better had they ventured abroad with their dollars, especially to the Tokyo stock market.

American investors also would have made more money in Britain, West Germany and Switzerland. By the same token, investors abroad reaped bigger profits by sticking to their own stock markets, rather than crossing the ocean to Wall Street.

These comparative strategies are illustrated in stock indexes compiled by Morgan Stanley Capital International for August 1982 to August 1987, several weeks before October's plunge in American stock prices. The U.S. index correlates almost exactly to the Standard & Poor's 500-stock index. Dividends are not included in the results.

"An important part of the benefits of investing outside the United States was due to the decline in the value of the dollar against major foreign currencies," said Mark K. Sladkus, a vice president at Morgan Stanley. "About 40 percent of the returns achieved here has been due to the depreciation of the dollar."

Aside from the benefits from changes in currency rates, foreign markets simply tended to outperform Wall Street prices in the same five-year stretch. For every \$100 invested at home in August 1982, U.S. investors would have received \$268.10 five years later. In Japan, however, the same \$100 would have returned \$770 to American investors, because of rising prices of Japanese stocks and the currency factor. Similarly, each \$100 investment in the West German stock market would have increased to \$420.60. The same investment returned \$368.80 in the Swiss market and \$312.50 in Britain.

If Japanese investors had invested at home, 100 yen would have returned 420.5 yen, as expressed in local currency. In Britain, £100 would have yielded £328.1.

BUT had people overseas invested in Wall Street, they would have been sorely penalized by the strength of their currencies against the dollar. Japanese investors would have felt the greatest hardship. For every 100 yen invested in the U.S. market, Japanese investors would receive only 146.4 yen after currency translations. Thus, it would have been almost three times as profitable for the Japanese to invest at home.

Over the five years, the dollar fell 45.4 percent against the yen. It dropped 27.5 percent against the mark and 29.8 percent against the Swiss franc. The dollar actually rose 5 percent against the pound. But for the British investor staying at home, the superior performance of the London market against the U.S. stock market more than compensated for the currency change.

All stock markets suffered in October's dramatic plunge in U.S. equity prices. But prices in Tokyo held up better than other markets, as shown by the period between the end of August and Nov. 18. The Japanese investor who stayed at home saw a decline of 12.9 percent in the value of equity holdings. American investors saw their holdings reduced by 25.2 percent. In Switzerland and Britain, the decline was slightly more than 26 percent. Stay-at-home German investors saw their holdings fall 34.4 percent.

For individuals in the United States, the simplest way to invest abroad has been to use international mutual funds. An index of these funds compiled by Lipper Analytical Services shows that, on average, a \$100 investment turned into \$444 in five years, if dividends and capital gains were reinvested.

Car Sales In U.S. Fall 12%

Mid-November Is Slowest Since '81

DETROIT — U.S. automakers reported a 12 percent drop in new car sales for the Nov. 11-20 period Tuesday, although sales of domestically manufactured light trucks rose 19 percent from levels of a year ago.

The eight companies — General Motors Corp., Ford Motor Co., Chrysler Corp., Honda Motor Corp., Volkswagen of America, Nissan Motor Manufacturing U.S.A., Toyota Motor Sales U.S.A. and Mazda Motor Manufacturing (USA) Corp. — said they had combined sales of 172,552 cars in the United States during the period.

That compared with 196,159 units sold in the same period in 1986, when Toyota was increasing production of its U.S.-made cars.

Light truck sales amounted to 109,625 units, up 19 percent. General Motors, Ford, Chrysler and Nissan all built such vehicles domestically.

The daily selling rate of 19,172 cars compared with 21,795 for the same period last year, and was the slowest selling rate for mid-November since 1981.

The annualized rate for the industry during the period was 5.7 million cars, against 6.2 million last year.

So far in 1987, the firms have sold 6,336 million cars, down 14 percent from the almost 7.4 million units sold in the comparable 1986 period.

Analysts said the industry had shown stability following the Oct. 19 stock market collapse and that many of the sales declines were evident among the higher-priced cars, most notably those made by GM.

"We believe the data is still too clean because many cars now being delivered were ordered before the crash," said Michael M. Luckey, of Shearson & Lehman Bros. in New York. "We'll have to wait for December before we can tell."



Pehr G. Gyllenhammar, chairman of Volvo AB of Sweden, at his Paris office.

Dollar Nudges Volvo Off Old Road

If Krona Rises Further, Group Might Make Cars in U.S.

By Jacques Neher
PARIS — Sweden's biggest industrial group, Volvo AB, is considering producing cars in the United States if the dollar drops much further, according to the company's chairman, Pehr G. Gyllenhammar.

A move to manufacture locally a portion of the 100,000-plus cars Volvo currently sells annually in the United States, its single biggest market, could also be prompted by protectionist legislation being considered by Congress, said Mr. Gyllenhammar, who is also chief executive, in a Paris interview.

"It wouldn't be possible for us to find a replacement for the U.S. market; we'd be absolutely determined to stay," he said. "If that means producing more in the United States, we would go ahead."

In a wide-ranging interview, Mr. Gyllenhammar, 52, also said that:

- He expects a worldwide economic downturn in 1988.
• Volvo is shopping for U.S. and European companies in the

food industry to hedge against the cyclical swings of the automotive business.

"The almost year-old U.S. truck-making joint venture with General Motors Corp. has gone better than anticipated and Volvo is seeking additional truck manufacturing capacity. Though he would not venture

nor in the first nine months of 1987.

Mr. Gyllenhammar said that within six months, the cushioning effects of Volvo's currency-hedging strategy would be reduced to the point that the rate of forward contracts on the dollar would be almost the same as the prevailing market rate.

As a result, a further drop in the dollar would be felt immediately on the company's bottom line.

In the past year, Volvo has raised its U.S. car prices three times for a total increase of about 5 percent. And while further increases are envisioned to help offset the falling dollar, Mr. Gyllenhammar said they would not be made at the expense of market share.

If U.S. manufacturing were necessary, he said, Volvo could either "start from scratch" by building new facilities or else acquire factories shut down recently by other automakers.

On Friday, Volkswagen AG of West Germany announced it would close and sell its U.S. factory in Chattanooga, Tenn. See VOLVO, Page 13

U.S. GNP Grew At Strong 4.1% Rate in Quarter

WASHINGTON — The U.S. economy grew at a 4.1 percent annual rate in the third quarter, improving the odds of the government meeting its growth target this year, the Commerce Department said Tuesday.

The growth in July through September is likely to cheer economists and financiers because it means the economy was stronger than had been thought in the days before the Oct. 19 stock market collapse.

Also Tuesday, the government said that corporate after-tax profits rose 5.2 percent in the third quarter, the best showing in a year.

The department last month estimated that gross national product, the country's total output of goods and services, had risen at a 3.8 percent annual rate after inflation during the third quarter.

But it revised that figure Tuesday after discovering more personal spending and business investment and more exports than it first detected. Those overcame cuts in earlier estimates of government and home spending.

The department also reported that the implicit price deflator, an inflation gauge, rose at an annual rate of 2.8 percent in the third quarter instead of the 2.4 percent estimated a month ago. The deflator expanded at a 3.5 percent rate during the second quarter.

The 4.1 percent annual rate of growth compares with a 2.5 percent rate in April through June.

The average annual rate for the first nine months of the year works out to 3.7 percent, far better than the 3.2 percent growth the federal government counted on when it figured its revenues for 1987.

As a result, the economy has to grow at a 1.8 percent rate from Oct. 1 forward to hit that target.

However, the stock market collapse last month sucked hundreds of billions of dollars out of the economy, frightening potential investors around the world.

Before the collapse, many economists were expecting the economy to grow at little more than a 1.8 percent rate. After the fall, many

Trade Deficit Swells to Record \$39.83 Billion

WASHINGTON — The U.S. merchandise trade deficit widened to a record \$39.83 billion in the third quarter as a rise in exports was more than offset by a surge in imports, the government said Tuesday.

The increase followed a \$39.56 billion shortfall in the April-June quarter, which was the previous record.

Analysts saw the report as further evidence that the deficit is showing little sign of abating, even though a falling dollar has boosted exports by making U.S. goods less expensive abroad.

Imports increased in the quarter by 6 percent to \$54 billion, but exports increased by 9 percent to \$65.3 billion.

The deficit with Japan, the country with which the United States has regularly run the largest deficits, fell by \$800 million to \$12.5 billion. But this was offset by increases in the deficits with Hong Kong, South Korea, Singapore and Taiwan.

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Currency Rates

Table with columns for currency, rate, and date. Includes entries for Amsterdam, Brussels, Frankfurt, London, Milan, New York, Zurich, etc.

Other Dollar Values

Table with columns for currency, rate, and date. Includes entries for Argentina, Austria, Belgium, Brazil, Canada, Denmark, etc.

Forward Rates

Table with columns for currency, 30-day, 60-day, 90-day, and 1-year rates.

Interest Rates

Table with columns for currency, rate, and date. Includes entries for Eurocurrency deposits, U.S. Treasury bills, etc.

Key Money Rates

Table with columns for currency, rate, and date. Includes entries for U.S. Treasury bills, U.S. Treasury notes, etc.

West Germany

Table with columns for currency, rate, and date. Includes entries for 3-month, 6-month, 1-year, 2-year, 3-year, 4-year, 5-year rates.

Japan

Table with columns for currency, rate, and date. Includes entries for 3-month, 6-month, 1-year, 2-year, 3-year, 4-year, 5-year rates.

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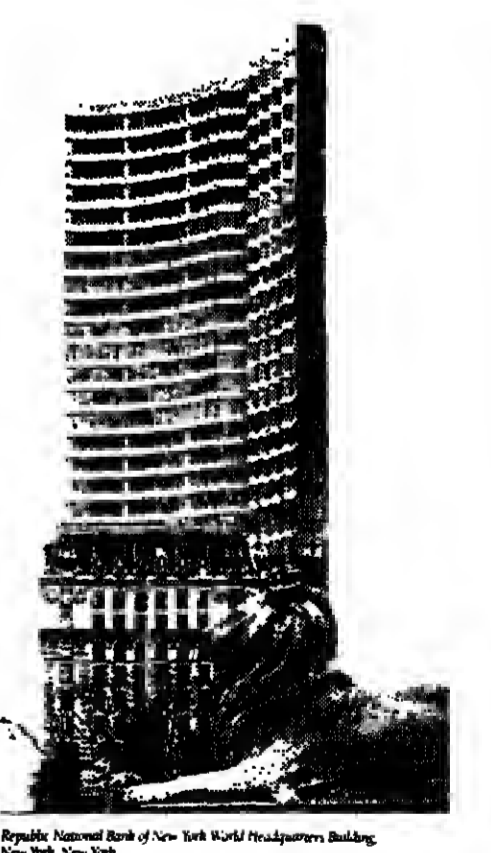
is a single, fundamental principle: the protection of depositors' funds. It should come as no surprise, then, that this pursuit of excellence results in considerable advantages to private banking clients, and the application of the very highest standards of excellence to the handling of your personal finances. Republic's subsidiary in Luxembourg provides private banking clients with the protection of the stringent banking laws of that

The dedication to excellence of Republic National Bank is a natural outgrowth of the strong beliefs of its founder and principal shareholder, Edmond J. Safra. Republic is firmly committed to such sound, traditional banking practices as diversification and the maintenance of a strong capital base.

country, and experienced account officers who speak your language. And Republic's expertise internationally allows you to take advantage of opportunities to better manage your investments on a global scale.

The pursuit of excellence is our commitment. If that is something you expect of your bank, call us today at our Luxembourg office (352) 470 711.

The bank has always been highly selective in lending. It emphasizes very conservative activities, investing in safe and liquid assets and using its extensive expertise to trade profitably in precious metals, foreign exchange, bonds and bank notes. Underlying every aspect of Republic National Bank's pursuit of excellence



Republic National Bank of New York World Headquarters Building, New York, New York

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FIGURES AS AT DECEMBER 31, 1986: TOTAL ASSETS: US \$ 16.8 billion SHAREHOLDERS' EQUITY: US \$ 1.6 billion

Vertical advertisements on the left margin including 'Fold', 'Farr', 'DEAD MAN!', 'ENTERTAINMENT', 'LERIE ARIDGE', and 'November 26-27-28'.

NYSE Most Actives table with columns: Vol., High, Low, Last, Chg.

Market Sales table with columns: NYSE 4 a.m. volume, NYSE prev. close, Amex 4 p.m. volume, etc.

NYSE Index table with columns: High, Low, Close, Chg.

Tuesday's NYSE Closing logo and text: Via The Associated Press

AMEX Diary table with columns: Close, Prev.

NASDAQ Index table with columns: Close, Chg., Week Ago, Year Ago

AMEX Most Actives table with columns: Vol., High, Low, Last, Chg.

Dow Jones Bond Averages table with columns: Close, Chg.

NYSE Diary table with columns: Close, Prev.

Odd-Lot Trading in N.Y. table with columns: Buy, Sell, Short

Dow Jones Averages table with columns: Open, High, Low, Last, Chg.

Standard & Poor's Index table with columns: High, Low, Close, Chg.

NASDAQ Diary table with columns: Close, Prev.

AMEX Stock Index table with columns: High, Low, Close, Chg.

Large table of stock prices (A) with columns: 12 Month High, Low, Stock, Div, Yld, PE, etc.

NYSE Up Sharply on Rate Cuts

United Press International NEW YORK — Prices on the New York Stock Exchange advanced Tuesday in active trading as investors embraced signs of renewed cooperation between the Western industrial democracies and favorable economic news from Washington.

Large table of stock prices (B) with columns: 12 Month High, Low, Stock, Div, Yld, PE, etc.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Large table of stock prices (C) with columns: 12 Month High, Low, Stock, Div, Yld, PE, etc.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Large table of stock prices (D) with columns: 12 Month High, Low, Stock, Div, Yld, PE, etc.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Large table of stock prices (E) with columns: 12 Month High, Low, Stock, Div, Yld, PE, etc.

Commercial Bank-Targ advertisement for U.S. Gro and Agency Cash Infu.

Handwritten Arabic text: مكان من النقص

At Some Commercial Banks, U.S. Stock Fallout May Mean Lower Fees, Defaults — Even Bankruptcy

By Eric N. Berg
New York Times Service
NEW YORK — A month after the stock market collapse, a growing number of banking analysts believe that commercial banks will suffer from its impact.
There clearly will be a negative effect on banks from the stock market crash," said James J. McDermott of Keefe, Bruyette & Woods Inc., a Wall Street firm that specializes in bank stocks. "The only question is to what extent it will affect bottom lines."
Unlike the third quarter, when banks' loan quality largely improved and earnings in general rose sharply, the current quarter could be disappointing.

The deepest concern among analysts is that a sharp fall in consumer spending could hurt many commercial borrowers, or worse, send them into bankruptcy as sales taper off.
Analysts are also watching the quality of takeover-related loans. These loans, which have been used in tandem with high-yield junk bonds to finance corporate takeovers, have proliferated in recent years. So far, there have not been any major defaults.
"At best, credit quality will go sideways. And more realistically, it will deteriorate," said J. Richard Fredericks of Mootgomery Securities in San Francisco.
In addition, while bank income has

been rising throughout much of 1987 and continued to be buoyed in the third quarter by noninterest income, the market plunge has put current income growth in question.
Analysts noted that companies tend to borrow more from banks when their share prices are depressed because it is much more difficult to raise the capital they need through the stock market.
But several negative factors are expected to offset this increased borrowing. For example, banks' trust income falls when stock prices drop because trust department fees are tied to the value of stock portfolios.
Also, if the market's plunge chills takeover activity — either because high-

yield bonds cannot be used to help finance takeovers, or because acquirers fear the impact of a recession on their takeover targets — banks active in financing acquisitions would receive fewer fees.
Among those that would be hurt the most, analysts said, are institutions such as Citibank, Bankers Trust, and Manufacturers Hanover, which have established major presences in recent years in financing mergers and leveraged buyouts.
"Fee income from corporate restructuring should initially be hampered," said Robert Albertson, an analyst at Goldman, Sachs & Co.

Of course, not all the aftereffects of the market's collapse will be damaging.
At the University of Houston, Paul M. Horvitz, a professor of banking and finance, noted that interest rates are lower than they would have been.
Lower interest rates not only ease many borrowers' debt-servicing burdens and encourage new borrowing, he noted, but also many banks will find the spread, or profit, that they earn on their loans widening because their cost of funds will have declined.
Other banks will enjoy gains on their portfolios as the prices of their interest-bearing debt securities rise as rates decline.

These gains should manifest themselves in fourth-quarter profits. Just a week ago, Bankers Trust Co., citing trading gains in bonds and currencies, said it was revising its 1987 earnings forecast and that it might be profitable. The company had earlier predicted a loss because it had built up its reserves for loan losses.
Still, industry experts say the stock market collapse could not have come at a more inopportune time for the nation's major banks. The banks' return on equity was extremely high in the third quarter, a major reason being that the equity of the banks — the excess of their assets over their liabilities that acts as a cushion against losses — had been

severely depleted in the second quarter. Bank equity had dropped so sharply because the banks had placed aside billions of dollars in additional reserves for losses on foreign loans.
Many banks had expected to replenish their equity with proceeds from stock offerings. Now that the stock market has soured, however, many offerings have been put on hold.
These developments have caused banks to place a premium on controlling expenses. Shareholders should gain from these economies, but many of the millions of Americans who work for banks could suffer. At many banks, particularly in the major cities, total salaries are barely increasing.

Japanese Banks Target Midwest for U.S. Growth Goal Is More Fortune 500 Business

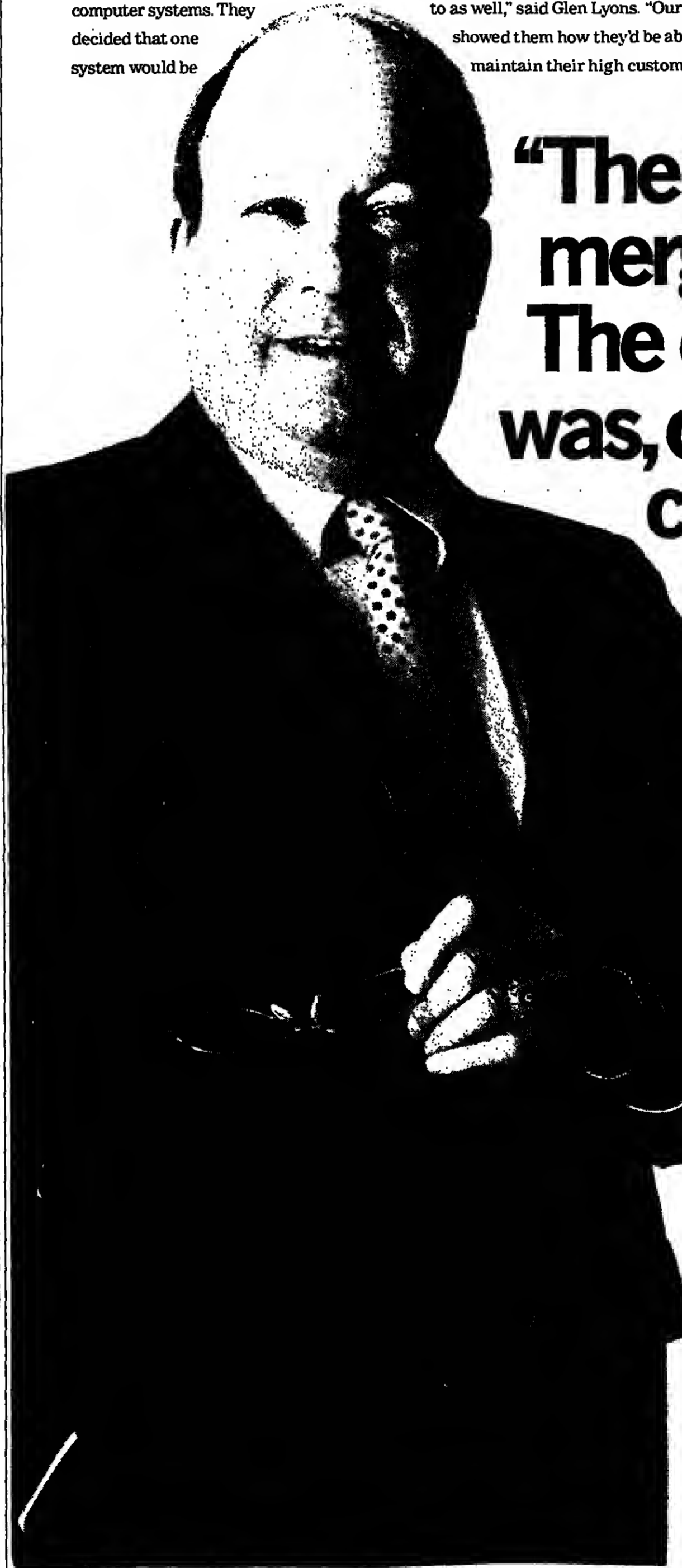
CHICAGO — With Japanese business flooding the globe, and particularly the United States, Japan's powerful banking industry is reaching out to the Midwest, the heart of traditional U.S. industries.
At first sight, these banks appear to be chasing overseas production by their countrymen that is designed to overcome the steep rise in the yen's value against the dollar in the past two years.
But Michinori Okada of Mitsui Bank Ltd.'s Chicago branch said, "You can't take out a living by only Japanese businesses."
And Tameyasu Nakano, an executive with Mitsubishi Bank Ltd. in Chicago, said that in terms of his operation's outstanding loans, "no Japanese businesses are in six times larger than Japanese ones."
Reflecting the growing recognition of the region, Mitsubishi Bank extended its Chicago-based operation early this month by opening a representative office in Columbus, Ohio. That state has 38 companies that are included in Fortune magazine's top 500 U.S. companies.
"There are some 200 companies in the Midwest out of Fortune's top 500," said Masayuki Yano of Sumitomo Bank Ltd.'s Chicago branch. "They are the target of our businesses."
The Japanese banks' move into the Midwest follows the recent saturation of their business in New York, Japanese bankers said. Small Japanese banks are now flocking to New York, they said.
The priority placed on the Midwest also reflects a second wave of Japanese production in the region, said Shoji Honda, the chief representative of Mitsubishi's Columbus office.
The first wave was triggered by Honda Motor Co., which began car production in Ohio 10 years ago.
Last year, four leading Japanese banks opened offices in Lexington, Kentucky, as Toyota Motor Corp. opted to produce cars in Georgetown, Kentucky. Lexington is regarded as a strategic location because Nissan Motor Co. produces cars in Kentucky's neighboring state of Tennessee.

This month, Mitsui Bank opened a representative office in Detroit, bringing the number of Japanese firms in the city to 130, from 90 last year.
The bankers said that the bulk of their Midwest profits is not derived from business with the Japanese car giants. Most of those transactions are handled in Tokyo.
Rather, the Japanese banks are being rewarded by the growing internationalization of once-conservative Midwest industries, they said.
U.S. companies have opened their doors to Japanese bankers following the swift expansion of the Tokyo financial market and the improved credit standing of Japanese banks.
"Five years ago, I could not meet treasurers of Midwest companies," Mr. Nakajima said, "but now I can."
New York money center banks retain a strong hold on major corporations in the Midwest, but Japanese banks are beginning to play important roles for their internationalization, Japanese bankers said.
Japanese banks have also established their hold as large U.S. banks spread the risk of supplying big corporate loans by including larger Japanese banks in loan syndications, they said.
The growth of Japanese banks in the Midwest will continue in April when Mitsui Trust & Banking Co. opens a branch in Chicago, the first Japanese trust bank to do so there.
Japanese trust banks with huge pension funds and investment trusts are expected to open branches in the Midwest at the rate of one a year, Japanese bankers said.
They said there had been little conflict between Japanese and U.S. banks in the Midwest, in contrast with the sensitive issue of Japanese expansion in Washington.
State governments and Midwest industries are more concerned about business expansion than politics, the bankers said.
However, bankers are cautious about what will happen when they expand business to smaller companies in the region, they said.

MERGING two large banks can produce significant economies of scale. It can also produce significant programming headaches if the two have different computer systems.
When the Bank of Virginia, a 22-year Unisys customer, merged with a Maryland bank to form Signet, the banks had to decide how to use two very different computer systems. They decided that one system would be

assigned to the new organization's retail business, and the other system to the commercial business.
Since Signet is strongly customer-oriented the big question was, whose equipment would be assigned to handle the retail business?
"The bank has always cared a lot about their retail customers, and they expect us to as well," said Glen Lyons. "Our people showed them how they'd be able to maintain their high customer service

standards, even with 90 new branches, without any interruption of service.
"They knew that we could do it. The bank has grown fast for many years, and Unisys has always kept pace with them. And Signet has never had to rewrite their software.
"It's been real rewarding to work with bankers who care so much about their customers. We work with them so closely, they think of us as family now. That's really the power of 2."



"The banks merged. The question was, could their computers?"

Glen Lyons, District Manager, Unisys.

SEC Chairman Seeks a System Of Emergency Cash Infusions

By Nathaniel C. Nash
New York Times Service
WASHINGTON — David S. Ruder, the chairman of the Securities and Exchange Commission, has recommended a system to provide large infusions of cash to Wall Street firms in times of excessive market activity.
The recommendation came as Mr. Ruder advanced his most specific proposals yet for new regulation of the securities markets.
"We need to find a system where there is more capital," he said Monday. "There is just not enough buying power in times of emergency."
After the stock market collapse on Oct. 19, the Federal Reserve Board stepped in to assure the liquidity of the stock market. Mr. Ruder's comments indicated that he would clearly like to establish a formal system to assure such liquidity in future crises.
Without adequate liquidity, the stock market is unable to provide orderly trading. The need for liquidity was illustrated during the collapse, when brokers were inundated with sell orders and were unable to complete the transactions.
In a speech to the National Press Club, Mr. Ruder also indicated that the SEC might recommend changes in the regulation of stock-index futures and other investment instruments that it does not now regulate.
"We are going to be looking at the question of how those products should be regulated," he said. "I do not think that we will, necessarily, be driven to the position that says we must regulate those products."
Stock-index futures are currently regulated by the Commodities Futures Trading Commission, which regulates all futures markets.

Mr. Ruder was responding to concerns about the health of the U.S. securities markets after the wake Oct. 19 collapse. The SEC is conducting an extensive study into what led to the market's biggest one-day sell-off.
Mr. Ruder called for improving stock settlement and clearance systems and order-routing systems, as well as changing regulations so that small investors would have more direct access to the markets in times of excessive volume.
After the plunge, thousands of small investors complained that they were unable to contact their brokers or mutual funds to place orders. Even when they did make contact, many of these investors said the orders often took several days to be executed.
"We need to be concerned most importantly about the availability of broker capital," Mr. Ruder said.

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UNISYS

The power of 2

Tuesday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month High Low Stock Div. Yld. P/E High Low Close Open

(Continued)

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	High	Low	Close	Open
19	10 1/2	Outford	.50	4.4	12	107 1/2	110 1/2	111 1/2	111 1/2
19 1/2	17 1/2	PNC	.30	3.1	11	107 1/2	109 1/2	109 1/2	109 1/2
19 1/2	17 1/2	Prudential	.28	3.1	11	107 1/2	109 1/2	109 1/2	109 1/2
19 1/2	17 1/2	Raychem	.00	0.0	11	107 1/2	109 1/2	109 1/2	109 1/2
19 1/2	17 1/2	Reynolds	.00	0.0	11	107 1/2	109 1/2	109 1/2	109 1/2
19 1/2	17 1/2	Rockwell	.00	0.0	11	107 1/2	109 1/2	109 1/2	109 1/2
19 1/2	17 1/2	Sealed Air	.00	0.0	11	107 1/2	109 1/2	109 1/2	109 1/2
19 1/2	17 1/2	Shawmut	.00	0.0	11	107 1/2	109 1/2	109 1/2	109 1/2
19 1/2	17 1/2	Shawmut	.00	0.0	11	107 1/2	109 1/2	109 1/2	109 1/2
19 1/2	17 1/2	Shawmut	.00	0.0	11	107 1/2	109 1/2	109 1/2	109 1/2

U.S. Futures

Via The Associated Press

Season High	Season Low	Open	High	Low	Close	Chg.
137 1/2	137 1/2	137 1/2	137 1/2	137 1/2	137 1/2	0
137 1/2	137 1/2	137 1/2	137 1/2	137 1/2	137 1/2	0

Grains

Season High	Season Low	Open	High	Low	Close	Chg.
137 1/2	137 1/2	137 1/2	137 1/2	137 1/2	137 1/2	0

Food

Season High	Season Low	Open	High	Low	Close	Chg.
137 1/2	137 1/2	137 1/2	137 1/2	137 1/2	137 1/2	0

Metals

Season High	Season Low	Open	High	Low	Close	Chg.
137 1/2	137 1/2	137 1/2	137 1/2	137 1/2	137 1/2	0

Stock Indexes

Index	High	Low	Close	Chg.
NYSE	111 1/2	110 1/2	110 1/2	0
DJIA	111 1/2	110 1/2	110 1/2	0

Currency Options

Philadelphia Exchange

Option	Strike	Call	Put	Chg.
USD/DEM	1.60	1.25	1.15	0

Stock Indexes

Index	High	Low	Close	Chg.
NYSE	111 1/2	110 1/2	110 1/2	0

Commodity Indexes

Index	High	Low	Close	Chg.
Moody's	137 1/2	137 1/2	137 1/2	0

Market Guide

Market	High	Low	Close	Chg.
NYSE	111 1/2	110 1/2	110 1/2	0

Dividends

Company	Dividend	Yield
AT&T	0.42	3.8

Israel Lets Shekel Fall Amid Export Pressures

TEL AVIV — Israel has allowed a slight devaluation of the shekel against a basket of Western currencies to compensate for the recent fall of the dollar, central bank sources said Tuesday.

The move, allowing the shekel to drift down nearly 2 percent from the exchange rate set last January, was to ease pressure from exporters for a more substantial devaluation of the shekel against the dollar, commercial bankers said.

The basket of currencies includes the dollar, the Deutsche mark, British pound and the Swiss and French francs. The shekel was set at 1.68 to the basket last January but had fallen to 1.71 by Monday, recovering marginally to 1.7094 on Tuesday, according to the Bank of Israel's daily representative rates.

Over the same period, the shekel's exchange rate against the dollar has strengthened from 1.64 to 1.57, prompting complaints from manufacturers exporting to the United States that their competitiveness was being eroded.

Assets of Swiss Banks Rose 10% in 3d Quarter

ZURICH — Total assets of the 71 largest Swiss banks rose 10 percent in the third quarter from the comparable period of 1986, despite the dollar's marked weakness, the Swiss National Bank reported Tuesday. It gave no absolute figures.

Assets had risen 9.2 percent in the year to June 30.

Fiduciary deposits administered by the banks continued to decline, dropping 3.7 percent in the quarter when measured in foreign currencies and 3.5 percent in terms of Swiss francs. Banks' securities holdings were up 17.4 percent, and financial investments as a whole grew 3.4 percent.

Total credits held by the banks were up 11.5 percent from the third quarter of 1986, although foreign credits grew faster than domestic loans, reversing a recent trend.

Foreign loans increased 16.5 percent, while domestic credits grew by 10.3 percent. Deposits by the public were 8.9 percent higher in the quarter.

West Germany Reports Drop in Foreign Share of Car Market

FLensburg, West Germany — Foreign manufacturers' share of West Germany's new car market fell to 31.6 percent in the first 10 months of the year from 32.8 percent in the similar period last year, the Federal Motor Office said Tuesday.

Foreign makers' October sales fell to 78,309 from 79,575 in October 1986 and dropped to 773,306 cars to the first 10 months from 778,709 during January-October 1986.

Japan was the largest exporter to West Germany. Its share was little changed at 15 percent after 15.1 percent last year. France's share fell to 7.4 percent from 8.1 percent, and Italy's was unchanged at 4.8 percent.

The Daily Source for International Investors

ALPHABETICALLY LISTED BY COMPANY NAME

Company	Price	Chg.
ABC	100	0
DEF	100	0

Paris Commodities

Commodity	Price	Chg.
SUGAR	100	0
COCOA	100	0

Spot Commodities

Commodity	Price	Chg.
Aluminum	100	0
Copper	100	0

U.S. Treasuries

Treasury	Yield
3-month bill	7.75
6-month bill	8.125

London Metals

Commodity	Price	Chg.
Aluminum	100	0
Copper	100	0

DM Futures Options

Option	Strike	Call	Put	Chg.
USD/DEM	1.60	1.25	1.15	0

DM Futures Options

Option	Strike	Call	Put	Chg.
USD/DEM	1.60	1.25	1.15	0

DM Futures Options

Option	Strike	Call	Put	Chg.
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DM Futures Options

Option	Strike	Call	Put	Chg.
USD/DEM	1.60	1.25	1.15	0

THE DAILY SOURCE FOR INTERNATIONAL INVESTORS

BUSINESS ROUNDUP

Bayer Profit Up 7.6% for 9 Months

LEVERKUSEN, West Germany — Bayer AG, the chemicals group, said Tuesday that pretax profit rose 7.6 percent in the first nine months of 1987 to 2.41 billion Deutsche marks (\$1.45 billion), from 2.24 billion DM a year earlier. Group sales for the period declined 4.3 percent to 28.15 billion DM from 29.42 billion in the first nine months of 1986.

Hermann Strenger, the company's managing board chairman, said he expected profit to reach a record in 1987 and that the 1988 outlook was favorable despite the collapse of world stock prices. Mr. Strenger said he expected group pretax profit to rise between 5 and 7 percent in 1987 from last year's record figure of 3.3 billion DM. The dividend on 1987 results will probably be unchanged from the 10 DM paid in 1986, he said.

profit for the period rose 8.9 percent to 2.2 billion DM, on a rise in revenue of 9.5 percent to 27.22 billion. BASF AG, the third, has not reported. Mr. Strenger said the paints, organic chemicals, inorganic chemicals, coating raw materials and polyurethane sectors contributed to the rise in earnings. Profits in the photographic and pharmaceutical sectors were steady, and polymers failed to reach the earnings level of the same period in 1986.

VOLVO: Dollar Creates Pressure to Produce in U.S.

Continued from first finance page (ory in Westmoreland, Pennsylvania, which had been operating at only about 40 percent of capacity.



'It wouldn't be possible for us to find a replacement for the U.S. market.'

Mr. Gyllenhammar noted that Volvo acquired a block of land in 1973 in Chesapeake, Virginia, to build a car factory, but a rise in fuel costs resulting from the oil crisis that year forced it to abandon the plan.

Although the company is selling a portion of that property, Volvo will retain 257 acres (104 hectares) that could be used for development.

Mr. Gyllenhammar said Volvo could be forced to become a U.S. automaker if Congress adopts tough protectionist legislation in the months ahead. He said that Volvo and other Swedish companies would be particularly vulnerable to a law linking possible import limits or tariffs to a country's trade surplus with the United States.

In 1986, Sweden posted a trade surplus of \$2.77 billion with the United States. The value of Sweden's exports to the United States was 2.5 times that of American exports to Sweden.

A surplus-linked law would give Volvo little choice but to shift production in the United States, he said.

In 1986, Volvo sold 111,100 cars in the United States, a figure that accounted for 26 percent of the company's total auto sales.

By comparison, Volvo sold 69,000 cars in Britain and only 64,600 cars in its home market.

The company produces cars at two plants in Sweden and at facilities in Ghent, Belgium, and Halifax, Canada. Construction

instability in world financial markets to the U.S. budget and trade deficits.

"No one really knows what's causing it, and no one really has any control," he said. "I see a complete abdication of power from almost every one of the world's players."

Although sales have yet to reflect new consumer attitudes, Mr. Gyllenhammar said, Volvo is "seeing signs" of what may lie ahead in the reduced traffic on dealers' showroom floors.

Like those of other world automakers, Volvo's share price has suffered with the stock market turmoil, declining more than 30 percent since Oct. 16.

In addition, Volvo's own investment portfolio has declined by 23 percent in value from its peak in September to about 8 billion kronor.

Nevertheless, Mr. Gyllenhammar said that Volvo was well positioned to take advantage of lower stock prices as it searches for food industry acquisitions.

He said Volvo had not been involved in bidding for the food operations of Bestrice Cos. of the United States, but was watching closely "to see what kind of prices they charged."

Volvo has 21 billion kronor available for acquisitions. It will add \$393 million to that sum by the end of the year when it completes the sale of its 49.6 percent stake in Hamilton Oil Corp. in the United States. The sale was announced last month.

In 1986, Volvo's food operations, mostly in Sweden, accounted for 8.63 billion kronor, or about 10 percent of the Volvo group's total sales.

of a third Swedish plant is to be completed next year. In addition, Volvo Car B.V. in which Volvo has a 30 percent share, produces two Volvo models in Born in the Netherlands.

Because of October's stock plunge, Mr. Gyllenhammar said there was "no real chance we'll have a growth market" in 1988.

But the U.S. economy was due for a slowdown in any case within the next year or two, he asserted.

However, he challenged the popular wisdom laying current

NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING OF PANCURRI INC. is due to take place on 4th December 1987 at 231, Val des Bons Malades, Luxembourg, commencing at 2.00 p.m.

The meeting will have the following agenda: (1) Election of a Chairman of the Meeting. (2) Election of a Secretary to the Meeting. (3) The Directors/Manager's report. (4) Presentation of the accounts to 30th June 1987 with the auditor's report. (5) Discharge to the Directors and the Manager. (6) Election of Directors. (7) Discharge to the Auditors. (8) Election of Auditors. (9) Approval of the remuneration of the Directors and the Auditors.

RTZ Bids 550 Pence a Share To Take Over MK Electric

LONDON — RTZ Corp., the British holding company, said Tuesday it was making a 550 pence (£9.00) per-share cash offer for MK Electric Group, valuing the company at £206.5 million (\$368.4 million).

The RTZ statement said that its own industrial interests, as opposed to metals and energy, contributed 60 percent of the group's 1986 net attributable profit of £244.8 million. Construction-related products represented a significant part.

in a statement, RTZ said MK Electric would be a logical extension of the business of its RTZ Pillar Ltd. subsidiary, as both are major suppliers to the construction market.

RTZ is seeking a meeting with the board of MK Electric in discussion of the offer, RTZ spokesman, David Liddington, said. Preliminary talks, which were inconclusive, were held about six months ago, he added.

RTZ Pillar has interests in engineering, aircraft components and products made primarily of aluminum, steel, glass and wood.

MK Electric, based in north London, had net attributable profit of £12.1 million on revenue of £140.9 million for its fiscal year ending March 28.

MK Electric executives were not available for comment. MK Electric shares were quoted at 554 pence in morning trading, up 140 pence since Monday.

RTZ said it intended to retain all of MK Electric's activities. Overall, job prospects within MK Electric would be enhanced by the acquisition, it added.

U.S. Developers Sell Major Paris Office Project

LOS ANGELES — Kaufman & Broad Home Corp. says it has sold its Atlantic Montparnasse commercial development project, currently under construction in Paris, to Kowa Real Estate Co. of Japan for \$372 million.

BAA Profit Climbs 26% to £136 Million

LONDON — BAA PLC, a recently privatized company that manages seven British airports, said Tuesday that pretax profit rose 26 percent to £136 million (\$243 million) to the six months to Sept. 30 from £108 million a year earlier. Revenue rose 17 percent, to £307 million from £262 million. The results were in line with market expectations.

more than in October 1986. Cargo traffic rose by 10 percent, it said. BAA said the stock market slump could have some impact on traffic for the remainder of the financial year.

IBM Plans Supercomputer Program

ZURICH — IBM Europe said Tuesday it would spend \$40 million to the next two years to help assemble a European-wide "supercomputing" program embracing at least five universities and research institutes.

But, it said, "The underlying strength of the business is such that profit for the full year is expected to reflect the growth seen in the first half of the financial year."

As part of the program, IBM will give the institutions 25 of its most modern computers.

At most, the BP sale was the biggest in European stock market history.

Amoco-Dome Deal Seen Near Completion

Accord Would Mark Biggest Takeover in Canadian History

By John F. Burns New York Times Service TORONTO — After seven months of legal wrangling and secret negotiations, Amoco Corp. appears close to wrapping up the biggest corporate takeover in Canada's history.

Discussions with the agency have been under way for months. "We're certainly over the major hurdle," Mr. Stacy said.

The buyout of Dome Petroleum Ltd. by Amoco's Canadian subsidiary for \$4.2 billion, in U.S. funds, would create a new giant in the oil and gas industry in Canada and further consolidate the strong position of U.S. companies in the Canadian industry.

Opinions differ on the deal Amoco has made. Some analysts worry about the debt burden the company would be assuming, even though that would be scaled down by the terms announced last week, which would give secured creditors cash and debt securities worth 95.4 cents on the dollar and unsecured creditors a similar package worth 45 cents on the dollar.

Last week, Amoco Canada Petroleum Co. added \$230 million to the offer it had made for Dome in April, breaking an impasse with Canada's largest banks. The banks, which hold the bulk of Dome's \$2.6 billion in secured loans, had rejected Amoco's offer and backed a court battle by the Bank of Montreal to have the bidding reopened.

The original Amoco offer had been worth 88.5 cents on the dollar to unsecured creditors and 35.7 cents to secured creditors. Both classes of creditors had threatened to upset the earlier deal in the courts.

After announcing the company's newest offer, T. Donald Stacy, the American president of Amoco Canada, was reluctant to declare victory. That fight has been contested not only by the banks but by rival bidders and by politicians who oppose further selloffs in the Canadian oil and gas industry, which is already about 50 percent American-owned.

Mr. Stacy said that winning the support of the banks was a crucial step toward completion of the transaction, which still requires approval from unsecured creditors, from shareholders and from Invest-

SAS Continues Talks On Possible BCal Bid

STOCKHOLM — Scandinavian Airline System said Tuesday that it was too soon to announce terms for any bid it might make for British Caledonian PLC but that talks were continuing. Sources said that SAS, which is 50 percent-owned by the governments of Norway, Denmark and Sweden, was interested in acquiring a 40 to 50 percent stake in the British airline. An offer from SAS would compete with British Airways PLC's bid last week of £147 million (\$263 million).

ment Canada, the government agency that reviews foreign takeovers.

MATSHITA ELECTRIC INDUSTRIAL CO. LTD.

The undersigned announces that a formal agreement has been signed to merge Matsushita Electric Industrial Co., Ltd. and Matsushita Electric Trading Co., Ltd. The name of the new company will be Matsushita Electric Industrial Co., Ltd. The press release and the non-consolidated financial results for the first six months ended September 30, 1987 are available at the office of the undersigned.

AMERICAN EXPRESS COMPANY

The undersigned announces that as from 26th November 1987 at Kwa-Associatie N.V., Spuistraat 1172, Amsterdam, the 42 of the CDRA American Express Company, each representing 5 shares will be payable with Dfls. 1.56 net (plus 0.23 per share) on 30.12.1987; gross \$0.19 (plus 0.23 per share) on 30.12.1987; net \$0.10 (plus 0.23 per share) on 30.12.1987; net \$0.10 (plus 0.23 per share) on 30.12.1987.

ECU MULTIPLACEMENT SOCIÉTÉ D'INVESTISSEMENT À CAPITAL VARIABLE AVIS AUX ACTIONNAIRES CONVOCATION

ADVERTISEMENT MANTA ELECTRIC WORKS LTD.

Referring to its advertisement of 3rd June, 1987 the undersigned announces that the deposited property of the still outstanding shares, 89 of the CDRA Manta Electric Works, Ltd. has been sold. As from 24th November 1987 the dividend, 39 will be payable in cash with Dfls. 1.72 net per CDRA, rep. 50 shares, and with Dfls. 83.64 net per CDRA, rep. 1,000 shares.

ADD SOMETHING SOLID TO YOUR PORTFOLIO. INVEST IN THE NEW GOLD BRITANNIA. As long as man can remember, gold has been the standard of wealth. It has been the best insurance against inflation and times of trouble. More secure than empires, certainly more secure than paper. And now there is a new, simple way to buy it. The new Britannia coin contains one ounce (31.1035 grams), of pure gold. It is guaranteed by the British Royal Mint, the oldest mint in the world.

Open High Low Close... Commodities... Market Guide... Spot Commodities... U.S. Treasury... Toshiba to Improve U.S. Made Goods

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Tuesday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Table with columns: 12 Month High Low Stock Div. Yld. PE 52 High Low Close Chg. 12 Month High Low Stock Div. Yld. PE 52 High Low Close Chg.

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ADVERTISEMENT INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 24th Nov 1987

Large table of international fund quotations with columns for fund names, prices, and changes. Includes sections for AMEX High-Lows, Floating-Rate Notes, Deutsche Marks, and Japanese Yen.

Vertical advertisement on the right side of the page, partially cut off, featuring the word 'Frasing' and other text.

Advertisement for 'AMEX High-Lows' and 'NEW HIGHS' with a list of stock symbols and prices.

Advertisement for 'Hawke Recommends 2 Airlines' and 'Major Bank for Privatization'.

Advertisement for 'Floating-Rate Notes' and 'Deutsche Marks'.

Handwritten Arabic text at the bottom center of the page.

CURRENCY MARKETS

Dollar Falls, Erasing Rate-Cut Rally

NEW YORK — The dollar closed lower Tuesday after hectic trading in which it shot up after interest rate cuts in Europe but fell as the perception grew that cuts in the U.S. budget deficit will not be enough, dealers said.

London Dollar Rates table with columns for currency, rate, and change.

Wertz's remarks damaged the market's confidence," he said. Mr. Hatcher predicted the dollar would remain stable throughout Thanksgiving week, but he said that the currency will be tested again next week, when Congress is to take up the deficit proposal.

Taiwan to Speed Rise in Currency

TAIPEI — Taiwan will allow a faster appreciation of its currency against the U.S. dollar to help reduce its trade surplus with the United States, the central bank governor, Chang Chieh-cheng, said Tuesday.

Japan Spurns Demands To Stimulate Economy

TOKYO — Japan will not heed foreign demands to boost its economy following last week's agreement to cut the huge U.S. budget deficit, senior officials said Tuesday.



Kiichi Miyazawa

Britain Says Trade Gap Expanded

LONDON — Britain's current account deficit widened to a projected £282 million (\$307.6 million) in October from a revised £17 million shortfall in September, the Trade and Industry Department said Tuesday.

RATES: 3 Nations Coordinate Cuts

(Continued from Page 1) rates as an excuse for inaction, they said. The Bundesbank apparently believes that while the latest cut could have a marginal effect in promoting economic activity, there is little more to be achieved by monetary policy, because West German interest rates are already so low.

Manila Moves to Protect Currency Reserves

MANILA — The Philippines, moving Tuesday to defend its foreign exchange reserves, curbed U.S. dollar trading between banks, eased bank deposit rules for overseas workers and cut purchases of debt paper with foreign exchange.

But later in New York, the dollar drifted down when traders learned of remarks made in Bonn by Hans Wertz, a member of the Bundesbank's policy-making central bank council, according to Barclays Bank PLC's vice president for foreign exchange, Robert Hatcher.

Tuesday's OTC Prices table with columns for stock, price, and change.

AMEX Highs-Lows table with columns for stock, high, and low.

AMEX Closing table with columns for stock, price, and change.

Table of stock prices and market data, columns include stock, price, and change.

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Advertisement for Bank for Privatization with text and graphics.

Vertical text on the right edge of the page, possibly a page number or reference.

BOOKS

SPANGLE

By Gary Jennings. 869 pages. \$21.95. Atheneum, 597 Fifth Avenue, New York, N. Y. 10017.

Reviewed by Christopher Lehmann-Haupt

"SPANGLE" is Gary Jennings's third and biggest historical entertainment, after "Aztec" (1980), about the ancient empire that was destroyed by the Spanish conquest of Mexico, and "The Journeyer" (1984), about the travels of Marco Polo. "Spangle" begins on April 9, 1865, with two Confederate soldiers heading for home after Lee's surrender to Grant at the Appomattox Court House. The novel ends in early June 1871, after the suppression of the Paris Commune by troops under Marshal MacMahon.

In the intervening 800 or so closely printed pages, the two soldiers — Colonel Zachary Edge and Sergeant Obie Yount — join a struggling "mud show" called Florian's Flourishing Foreignism of Wonders, travel with it across the Atlantic and throughout Europe and Russia, and help it to grow into a circus so renowned that it ends up performing for the court of Napoleon III.

Why does one keep reading this immense and complicated story? Why does one get lost in it, and replay scenes from it as one drops off to sleep at night? It's easy enough to describe the book's machinery. There's the lore of circus life that Jennings details — why contortionists tend to have weak lungs, how animal trainers speak German to their charges because it is the language of command, or what sounds ventriloquists avoid to keep from moving their lips.

There are the amusing touches that Jennings employs — the scene in which Brutus the elephant is observed all alone rehearsing her next day's act. Or the gypsy's secret of predicting to expectant mothers the sex of their babies: She writes down in a notebook the opposite of what she has told each woman and then claims to those who complain that they misunderstood her. After all, the only ones who come back are the ones she's got wrong.

And there are the colorful spectacles the author depicts: the balloon ascensions over cheering crowds; or the raising of the big top by roustabouts and elephants, which is reminiscent of the similarly stirring scene in Walt Disney's "Dumbo," or the banquet and ball

scenes in the courts of the Habsburgs and Romanovs. The charm of "Spangle" lies in its remarkable energy and its inventiveness of detail. Philosophically, it is no deeper than question that Florian, the circus leader, asks Colonel Edge: "Which is more real? The kite or the glider? Which is the flare of meat on the vibrant giant of color? Decide that, you'll have answered your own question. Therefore, you'll be well on the way to being a philosopher of some eminence. Whatever the answer to this not very found question may be, Jennings has captured both the spangle and the sparkle in his ingeniously exuberant novel.

Christopher Lehmann-Haupt is on the staff of The New York Times.

BEST SELLERS

- THE NEW YORK TIMES
This list is based on 1,500 titles from more than 2,000 bookstores throughout the United States. Weeks on list are not necessarily consecutive.
FICTION
1. KALEIDOSCOPE, by Danielle Steel
2. THE BONFIRE OF THE VANITIES, by Tom Wolfe
3. LEAVING HOME, by Garrison Keillor
4. PRESUMED INNOCENT, by Scott Turow
5. PATRIOT GAMES, by Tom Clancy
6. HEAVEN AND HELL, by John Jakes
7. BELOVED, by Toni Morrison
8. SARAH, by Edward Taylor
9. A SOUTHERN FAMILY, by Olan Goff
10. BLUEBEARD, by Kurt Vonnegut
11. HOT FLASHES, by Barbara Kasko
12. LEGACY, by James A. Michener
13. MISERY, by Stephen King
14. RUBBER LEGS AND WHITE TAIL HAIRS, by Paul McCamery
15. THE SPLENDID OUTCAST, by Markham's African Stories, compiled by Mary S. Lovell

NONFICTION

- 1. THE GREAT DEPRESSION OF 1930, by
2. TIME FLIES, by Bill Cosby
3. SPYCATCHER, by Peter Wright with Paul Greenberg
4. FREE TO BE A FAMILY, edited by Mario Thomas with Christopher Cerf and Loryn Cozzit Pogrebin
5. WELL, by Bob Woodward
6. FAMILY: The Ties That Bind...and Gaps, by Erma Bombeck
7. MAN OF THE HOUSE: The Life and Political Memoirs of Speaker Tip O'Neill, with William Novak
8. THRIVING ON CHAOS, by Tom Peters
9. THE DISCOVERY OF THE TITANIC, by Robert G. Ballard with Rick Archibald
10. ANOTHER BAND PLAYED ON, by Randy Shilts
11. THE CLOSING OF THE AMERICAN MIND, by Alan Bloom
12. A DAY IN THE LIFE OF THE SOVIET UNION, (Collins Publishers)
13. THE MAKING OF THE AFRICAN QUEEN, by Katharine Hepburn
14. CHRONICLE OF THE 20TH CENTURY, edited by Clifton Daniel
15. LOVE, MEDICINE & MIRACLES, by Bernice S. Siegel
16. VOICES, HOW TO ANO MISCELLANEOUS
17. THE 8-WEEK CHOLESTEROL CURE, by Robert E. Kowalski
18. SUPER MARITAL SEX, by Paul Pearsall
19. WEBSTER'S NEW WORLD COLLEGE GATE DICTIONARY (Merriam-Webster)
20. WEBSTER'S NEW WORLD DICTIONARY, 11th Edition
21. HOW TO MARRY THE MAN OF YOUR CHOICE, by Margaret Kent

BRIDGE

By Alan Truscott

PERHAPS the most difficult task that any bridge expert ever undertakes is the construction of par hands, prepared deals designed to test the bidding, play and defense skills of a group of contestants. The difficulty lies largely in guaranteeing that alternative plays will not succeed.

intercollegiate championship almost 40 years ago. North has no convenient action over West's one spade, but comes to life when his partner shows a good suit and a good hand by intervening vulnerably at the three-level.

Spades are led and continued. When South refuses, he must recognize that he is in danger of losing a club trick as well as a heart trick. His first move must be to draw trumps and ruff dummy's remaining spade.

His plan is to surrender a heart trick at the right moment, which means a little work in the club suit. Provided he cashes one or two top club honors and then plays hearts, he is completely safe. The de-

BRIDGE diagram showing a hand layout with North and South cards and a bidding sequence.

PEANUTS



BLONDIE



BEEBLE BAILEY



ANDY CAPP



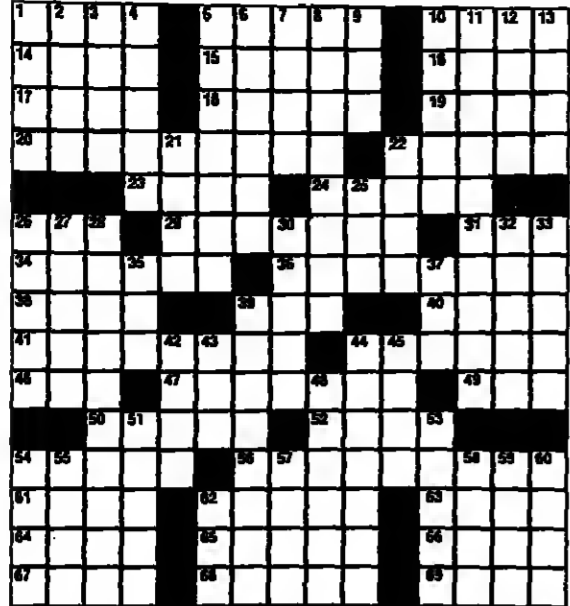
WIZARD OF ID



REX MORGAN



GARFIELD



- ACROSS
1 Repe.
5 South
10 Singer-actor
14 Sour
15 Relating to birds
16 Perilous
17 Minut section
18 Actress
19 Winglike
20 Author of "The Way West"
22 Bear
23 Bette Davis'
24 Not at all in Dogpatch
26 Block follower
27 Inmobility
31 Privileges, briefly
34 "... to Company G"; Bishop
36 Time before Easter
38 Hawkeye
39 Craggy hill
40 Nay voter
41 Brief period of time
44 Enmity
46 et ubique (here and ever/where)
47 Subscribed again
49 Inner: Comb. form
50 Direct
52 He loves: 'La
54 Porch
55 Author of "A Room With a View"
61 Illustrious
62 Tree of the birch family
63 Jason's ship
64 Most anagram
65 Legatee
66 Artery
67 Moist
68 Spring
69 Auld lang
DOWN
1 "boy!"
2 Dress, briefly
3 Prim
4 Brave
5 Action at a bank
6 Disinclined
7 With 33 Down, Quant creation
8 Certain D.C. official
9 Out- limb
10 Creek muse
11 "Sons and Lovers" author
12 Rusk or Mortin
13 Like Hammett's man
22 Holmes vehicle
25 Cruet filler
26 Embarrass
27 Territory in India
28 "Loon Lake" author
32 Arles's river
33 Sec 7 Down
35 Row
37 Pallid
39 Mole, at times
42 Mouth: Slang
43 Defendants in court
44 Self-reproach
45 Jewish month
48 Thin, crisp crackers
51 Spacious
53 Autocrats
54 Herringlike fish
55 Head, to Pierre
57 DCCLII doubled
58 Hector's home
59 Actor in "A Summer"
60 Emulated
61 Sheridan
62 Cry of triumph

© New York Times, edited by Eugene Malachuk.

DENNIS THE MENACE



"IF WE HAVE PIZZA FOR THANKSGIVING, THEN SOME TURKEY COULD BE THANKFUL, TOO."

JUMBLE

Jumble word game with scrambled letters and a grid to form words.

WEATHER

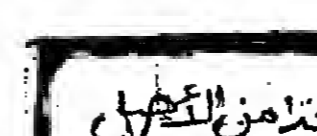
Table with weather forecasts for Europe, Asia, Africa, Latin America, North America, Middle East, and Oceania.

World Stock Markets

Table showing stock market indices and prices for various cities including Amsterdam, London, Paris, Frankfurt, Zurich, and Tokyo.

Table showing Canadian stock market indices and prices for various cities including Toronto, Montreal, and Vancouver.

The Global Newspaper



SPORTS

Fast-Track Entrepreneur Spurs Italy's World Cup

ROME — To you and me and to millions like us, soccer's next World Cup is a far-off horizon. To players of 112 nations, the roads to the Colosseum are paved with monumental uncertainty...

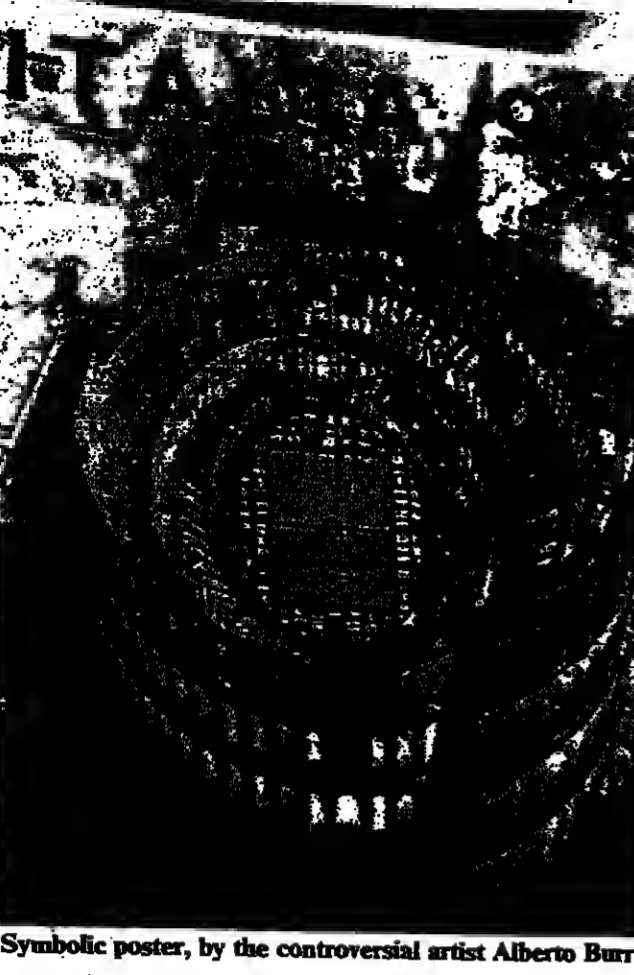
Rob Hughes style of administration that links the greed of soccer's grasping hands to something like the nationalistic spirit Peter Ueberroth harnessed at the Los Angeles Olympics. He ought to be a winner, backed by near-paternal guidance from Fiat's president, Gianni Agnelli, and by political support from Franco Carraro...

It is not a dictatorship. We cannot in Italy order everything to be done. We have so much red tape. The stadiums in all 12 cities and towns for '90 are owned by municipal authorities. You have to convince the mayor to improve or rebuild, and repeat the persuasion when the next mayor is elected...



Luca di Montezemolo, campaigner

masterpiece of recognizable symbolism: the Colosseum in negative image, reshaped into a soccer stadium; traffic blanked out; the center field surrounded by brilliant colors, the flags of competing nations.



Symbolic poster, by the controversial artist Alberto Burri.

SPORTS BRIEFS

World Records Fall at Chinese Games

BEIJING (Combined Dispatches) — Li Chaoyang set a world record in the men's small-bore free rifle (60 shots, prone) competition Tuesday at the China national games, the official Xinhua News Agency reported. He equaled the record of 600 points in qualifying and collected 105.3 points in the finals for a total of 705.3, surpassing the record of 704.9 set by Petr Kurka of Czechoslovakia in May.

Dutch-Cypriot Rerun Set for Dec. 9

AMSTERDAM (UPI) — The Netherlands and Cyprus will replay their European soccer championship Group Five qualifying match here Dec. 9, officials announced Tuesday. The match will be replayed because of a smoke-bomb incident in the Oct. 28 game. The Netherlands won, 8-0, but UEFA, European soccer's governing body, awarded victory to Cyprus; the Dutch appealed, and UEFA decreed a rematch behind closed doors. A victory would give the Netherlands the final berth in the 1988 championship finals.

Brown Leads Rams Past Skins, 30-26

WASHINGTON (UPI) — Ron Brown scored on a 95-yard kickoff return and a 26-yard pass reception, and Los Angeles converted a fumble recovery and a blocked punt into touchdowns as the Rams registered a 30-26 National Football League victory over the Redskins here Monday night. In winning two straight for the first time this season, the 3-7 Rams defeated Washington in a regular-season game for the first time since 1969. Charles White, the NFL's leading rusher with 815 yards, gained 112 yards on 35 carries and scored a second-quarter plunge for the Rams. Los Angeles secured the victory when Leroy Irvin intercepted a Doug Williams pass tipped by Art Monk in the end zone with 24 seconds left.

U.S. Sports Spending Put at \$47 Billion

NEW YORK (AP) — Americans spent \$47.2 billion last year on sports equipment, athletic gear and apparel and the construction of golf courses, according to a survey. Sports spending amounted to more than 1 percent of the nation's gross national product last year, making sports the 23rd largest sector comprising the GNP. Sports ranks just below autos and well above the petroleum and coal products components of the GNP, according to the study. The figures are reported in the initial issue of the publication Sports Inc. Included in "the gross national sports product" is the \$15.1 billion spent on equipment and clothing, \$3.6 billion on advertising, \$3.1 billion on admissions to events and \$2.7 billion on legal gambling. Cited as reasons for the 7 percent growth rate were increases in admissions to professional and amateur events, corporate sponsorship and gambling, and a boom in construction of athletic facilities.

VANTAGE POINT/Scott Ostler

It Wasn't the Soviets Who Walked Out

LOS ANGELES — Being a regional snob, I find my pride hurt by when some other part of the country out-L.A.s Los Angeles. We are, for example, the drive-through capital of the world — banks, burger joints, photo stands, dairies, dry cleaners. But some genius in Florida not long ago beat us to the first drive-through funeral parlor, giving new meaning to the term jack-in-the-box. And now we've been outdone at one of our specialties by Bob Knight, Indiana's basketball dictator. One thing at which Los Angeles natives have always excelled is leaving ballgames early. But now we're small-timers compared to Knight. At an exhibition basketball game Saturday night in Bloomington, Indiana, Knight not only left the game early, he took his whole team with him. He got three technical fouls, and when the refs ordered Knight to leave the gym early in the second half, he did — with his team. He crooked his index finger and the players followed him obediently. The Soviets led the Hoosiers, 66-43, at the time, and that was the final. It's not clear exactly what was said when Bob Knight and the Pippas took a hike. The exchange probably went something like this: Knight: "Gosh, comrades, it's getting late, and my kids have early classes. We've really got to run, so we can catch last call at the campus mall shop. Let's do this again some time. Thanks for having us over." Russian Coach: "But this is your gym, no?" Knight: "Oh, right, right. Well, thank yourselves at home. Don't worry about sweeping the floor, we have a man who comes in. The bath towels are in the hall closet. Help yourself to the Gatorade, and turn out the lights."

Fans, if Not the Head Coach, Are Believers in Latter-Day Saints

By Michael Wilbon Washington Post Service NEW ORLEANS — They've taken the paper bags off their heads and uncovered their eyes here because the Saints, finally, are definitely worth watching, even if the head coach is still not a true believer. Through their first 20 years in the National Football League, the Saints had been the model of failure. Bad players, poor draft picks, executive-level incompetence — New Orleans had it all, which is to say it had nothing. It is the only club in the league that has never made the playoffs or had a winning season. That, apparently, is about to change. Following Sunday's victory over the defending Super Bowl champion New York Giants, the Saints are 7-3 and only a game behind San Francisco in the National Conference West. It's the best record the team's ever had.

Many people around the league thought shipping out most of the players, not shaping them up, was the answer. Finks and Mora have jettisoned quite a few, but Finks "It's hard to figure out what went wrong unless you were here," Finks said. "You could probably look at each administration and pinpoint certain things that hap-

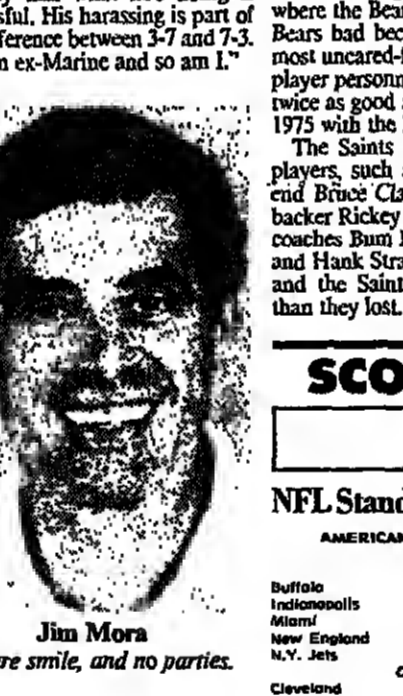
"We can't stick our heads in the sand and say we're not good or we don't have a chance, because we do. In any city whose team has been down, the people see a light at the end of the tunnel and interpret it as being through the tunnel. What we're saying is that we see some light, but we're certainly not through the tunnel yet."

spent a lot of time warning that the Saints still haven't accomplished anything. He fumed a month ago after a 24-22 home-field loss to San Francisco. While 49er Coach Bill Walsh was at one end of the Superdome talking about what a good team New Orleans had become, Mora was at the other end, ranting and raving. "We've got a long way to go before this team even thinks about being a playoff contender," he said. "...You guys shouldn't write about us being a playoff team. That's malarkey. Good teams don't come in and say, 'Could have. They get it done.' Since then, the Saints have beaten Atlanta (38-0), the Rams (38-14), the 49ers (26-24) — all on the road — and now the Giants.

end of the tunnel and interpret it as being through the tunnel. What we're saying is that we see some light, but we're certainly not through the tunnel yet." The players seem to understand. "The town wants it so much, and they've waited so long, they're wrapped up in it, feeling certain that we're going to the playoffs," Elliott said. "I believe it too. But it has to be done, not just said. The fact is, we don't know how to win in the NFL because we haven't done it." Having the No. 4-ranked defense in the league has to compensate for an offense that is extremely conservative and somewhat short on talent outside of running back Rueben Mayes, halfback Dalton Hilliard and the tight ends. In fact, the Saints remind some people of the 1984 Bears, who had terrible offensive problems, and the 1985 Giants, who had trouble scoring. Defense and kicking should take New Orleans to the playoffs; offense can wait until next year. Until then, Mora will keep telling his team it is the underdog despite evidence to the contrary. As long as the Saints keep trying to impress Mora, the method should work. "We're still trying to gain Coach Mora's respect," Elliott said. "Are we a playoff team or not? We're still having fun with this. I want him to spit it out. He's got to say it if we keep winning."

able observers knew that all he needed was time to run the draft his way (an emphasis on linemen first) to build a perennial playoff team. The book on Mora was that he would work until he dropped and so would his players. His Philadelphia/Baltimore Stars of the USFL won two league championships between 1983 and 1985. Mora, 52, comes off publicly as boring, and hates it when Benson dances on the sideline when the Saints win. When Benson extended an invitation to a victory party Sunday, Mora firmly declined. "He's a serious guy on-field," said night editor John Tice. "When he says it, he doesn't back down." Said Elliott: "We still don't like him. We respect him, but it's hard to like a man whose job it is to toss you out. He's always bitching, holering, but you have to admire him because the results are showing everybody that what he's doing is successful. His harassing is part of the difference between 3-7 and 7-3. He's an ex-Marine and so am I."

Coach Jim Mora says he knew the team had to feel it could compete against and beat the good teams. "We're at a point now where we're starting to feel that way," he said. "But there have been some flashes in the past, and I don't want the Saints to be a flash in the pan." It took the Saints 20 years to win a fourth straight game, which they did on Sunday, and New Orleans — a city that needs scant reason to party — is making a fool of itself over the team. Sunday's victory set off a Mardi Gras-style celebration that started on the sideline and then moved onto Bourbon Street. "What we've done," said veteran nose tackle Tony Elliott, "is raise the possibility of hope, when before there was no hope." Hope came in 1986 when the new owner, Tom Benson, named Jim Finks president and general manager. Finks then hired Mora as head coach. Finks had been the primary architect of successful rebuilding jobs in Minnesota in the 1960s and Chicago in the '70s. Most knowledge-



Jim Mora A rare smile, and no parties.

pened. I would guess, no continuity and roles of authority not being clearly defined really hurt.... Everything is defined, to the minute, under Finks and Mora. "Everybody's got players and everybody works hard," said Elliott. "I really think the level of detail has something to do with it." By now, the players have at least gotten used to Mora's ways. The team finished 7-9 last year, when a lot of the groundwork for the current success was laid. Mora is naturally getting a lot of the credit, but he tries to deflect attention and has

SCOREBOARD

Football

NFL Standings table with columns for American Conference and National Conference, listing teams like Buffalo, Indianapolis, Miami, etc.

Basketball

National Basketball Association Standings table with columns for Eastern Conference, Western Conference, and Monday's Results, listing teams like Boston, Philadelphia, etc.

Hockey

NHL Standings

NHL Standings table with columns for Wales Conference and Adams Division, listing teams like NY Islanders, Boston, etc.

College

College Top-20 Polls

College Top-20 Polls table listing top 20 teams in football, basketball, and volleyball.

Transition

National Football League L.A. RAIDERS—Placed Mervyn Farnsworth, wide receiver, on injured reserve.

PHILADELPHIA—Washed Mike McCleskey, tight end, Resurrection Mike Reid, running back, from injured reserve.

COLLEGE FOOTBALL INDIAN STATE—Fired Bob Oates, football coach.

KANSAS—Fired Bob Volcanse, football coach.

PHILADELPHIA—Fired Bob Oates, football coach.

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BLANCPAIN advertisement featuring a watch image and text: 'SINCE 1735 THERE HAS NEVER BEEN A QUARTZ BLANCPAIN WATCH. AND THERE NEVER WILL BE.' Includes 'Watches of Switzerland' and 'The watch shop'.

OBSERVER

Tears Amid the Ruins

By Russell Baker
NEW YORK — Arriving in New York, I was amazed to find the streets still clogged with ultimate driving machines...

Reviving the Whistle-Stop Piano Tour

By Naomi Graftman
AS DAWN breaks on New Year's Day, a new, customized GMC truck is scheduled to tool southward past sleeping cities...



Ishtom likes "the idea of giving back what I've gotten from these places, where I began to play as a kid."

Quite frankly, recitals are not mass appeal. They are a very specific interest in music. In the early part of the century, solo recitals provided the American hinterland with much of its entertainment as well as nearly all of its culture...

PEOPLE

El Cordobés Announces His Adios to the Bullring

Mamuel Benítez has retired before, but this time he says he means for. Benítez, 51, who won fame as the most highly paid bullfighter in history under the name El Cordobés...

INTERNATIONAL CLASSIFIED

Grid of classified advertisements including: THANKSGIVING PARTIES, CACTUS CHARLY, ANNOUNCEMENTS, OFFICE SERVICES, FINANCIAL SERVICES, and HOTELS.

International Business Message Center

Large grid of classified advertisements under the International Business Message Center, including: BUSINESS OPPORTUNITIES, SPY CATCHER, MONEY EXCHANGE, INVESTOR/FINANCIAL PARTNER, OFFSHORE TAX SHELTER, and various international business services.



Alexis Barthelay